

December 01, 2025

SBI General Insurance Company Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Subordinated debt programme	700.00	700.00	[ICRA]AAA (Stable); reaffirmed
Total	700.00	700.00	

*Instrument details are provided in Annexure I

Rationale

The rating action factors in SBI General Insurance Company Limited's (SBI General) strong parentage with State Bank of India (SBI; rated [ICRA]AAA (Stable))¹ holding a 73.9% equity stake as on September 30, 2025. The rating reflects the shared brand name, SBI General's strategic importance to SBI, demonstrated capital support since inception, and board representation, which underpin ICRA's expectation of timely and adequate capital support, if required. Comfort is also drawn from SBI General's comfortable capitalisation, with a reported solvency ratio of 2.13 times as on September 30, 2025 (against the regulatory minimum of 1.50 times), supported by the capital infusion by the shareholders in Q1 FY2024 and further by the Rs. 700-crore sub-debt raised in Q4 FY2024. The rating also considers SBI General's position in the general insurance segment as the sixth largest private general insurer in India, with a market share of 4.6%² in H1 FY2026, and its diversified distribution network.

SBI General's net profitability has moderated since FY2022, primarily due to underwriting losses (average combined ratio of 109.6% during FY2022-FY2025). This was mainly on account of the expansion in the retail health and motor segments, which involve higher upfront distribution costs and reserving for future claims, while the benefits of scale from these segments are expected to accrue over the medium term. Although the company benefits from higher investment float and income owing to the growing share of the long-tail motor business, this has been offset by significant underwriting losses, resulting in moderate profitability. Going forward, the ability to improve the underwriting performance and achieve scale in the retail health and motor segments will remain critical for strengthening the profitability profile. The crop segment continues to account for a sizeable share of the business, albeit on a declining trend (14.1% of gross direct premium income (GDPI) in H1 FY2026), driven by tender-based business and intense competition, which may lead to volatility in the top line.

The Stable outlook factors in the expectation that the company will continue to receive support from SBI, if required, and will maintain the solvency level above the negative triggers.

Key rating drivers and their description

Credit strengths

Strong parentage with capital, strategic, and operational support – SBI is the largest shareholder and promoter of SBI General, holding a 73.9% stake as on September 30, 2025, followed by Napean Opportunities LLP (15.77%). The strategic importance of SBI General to its promoter is evident from the shared brand name, history of equity infusions, and board-level oversight. SBI, India's largest public sector bank, had a nationwide network of 22,500 branches as of September 2025, enabling SBI General to leverage the bancassurance channel for cost-efficient business sourcing. Further, the company benefits from an

¹ For Basel III Tier II bonds

² Industry GDPI excludes specialised insurers, i.e. Agriculture Insurance Co of India Ltd. and ECGC Ltd.

exclusive partnership with SBI, which contributed ~25% to its overall GDPI (excluding crop) in FY2025 (29.8% in FY2024), primarily in the fire and health & personal accident (PA) lines of business.

The board comprises nine directors, including representation from SBI, with its Chairman also serving as the Chairman of SBI General. Additionally, the Managing Director (MD) and Chief Executive Officer (CEO) is on deputation from SBI. These factors reinforce SBI General's strong linkage with its promoter, providing brand strength, operational support through SBI's extensive network, access to a large customer base, and robust brand equity. Going forward, continued promoter support will remain a key driver of the company's credit profile.

Comfortable capitalisation supported by equity infusions – SBI General reported a solvency ratio of 2.13 times (core solvency, excluding sub-debt, at 1.84 times) as on September 30, 2025, against the regulatory minimum of 1.50 times. This was supported by an equity infusion of Rs. 689 crore by shareholders in April 2023 and the raising of Rs. 700-crore sub-debt in February 2024. Backed by a comfortable capitalisation position, SBI General increased retention across segments such as health and motor, leading to higher capital consumption. However, the retention ratio moderated in FY2025 and H1 FY2026, reflecting a strategic shift towards prioritising retention in more profitable segments. The company also has headroom to raise additional sub-debt of ~Rs. 510 crore, which could support solvency despite higher risk retention. ICRA expects continued capital support from the parent to fund growth plans while maintaining solvency above ICRA's negative threshold of 1.70 times.

Distribution network supporting growth – SBI General ranks as the sixth largest private general insurer in India, with a market share of 4.6% in H1 FY2026 (4.7% in FY2025) based on GDPI. Its share in retail segments (retail health and motor) was lower at 3.4% in H1 FY2026 (3.5% in FY2025), though it has been on an improving trajectory. The health and PA segment remains the largest contributor to GDPI, with its share rising steadily to 35.2% in H1 FY2026 from 23.2% in FY2020. Within Health & PA, group health accounts for a significant portion (64.3% of health GDPI in FY2025), largely sourced through SBI's distribution channels. The company has also focussed on increasing the share of the motor segment, which contributed 32.0% to GDPI in H1 FY2026. Additionally, SBI General maintains a strong presence in the crop and fire segments, which accounted for 14.1% and 13.4%, respectively, of GDPI in H1 FY2026.

SBI General's business growth is supported by its diversified distribution network, with brokers, bancassurance, direct business, and agents contributing 47.7%, 22.9%, 21.8%, and 3.8%, respectively, to the total GDPI in H1 FY2026. Excluding crop, which is sourced directly, the share of bancassurance (primarily through SBI and its regional banks) stood at 26.6% of GDPI in H1 FY2026. The company aims to maintain a balanced product and distribution mix, going forward.

Credit challenges

Moderate profitability – Profitability in recent years has been impacted by the growth in retail segments, which typically exert pressure during initial years due to investments in distribution and upfront reserving, particularly for long-tail business lines. The company reported an average return on equity (RoE) of 7.3% and an average combined ratio of 109.6% during FY2022-FY2025. The underwriting performance has been moderate, particularly in key segments such as motor. The combined ratio for the motor segment deteriorated to 134.8% in FY2025 from 126.4% in FY2024. This segment's profitability is expected to remain constrained in the near term, given the company's relatively low market share and its focus on expanding its presence, which entails higher upfront reserving and high sourcing cost, especially for Motor-Third Party (Motor-TP). SBI General is taking measures to improve motor underwriting by targeting favourable products and geographies, and the segment is expected to turn profitable as the scale increases and the investment book strengthens as the benefits of investment income from this segment are likely to accrue over time. The overall profitability continues to be supported by business sourced through its parent, SBI, particularly PA and long-term home insurance (LTH), which remain profitable. While the underwriting performance remained weak in H1 FY2026, the net profitability improved with annualised RoE of 17.3% backed by strong investment income.

ICRA notes that SBI General's growing exposure to the Motor-TP segment (19.1% of GDPI in FY2025) exposes it to reserving risk. The long-tail nature of Motor-TP, given the protracted legal process for claim settlement, could result in uncertainty

regarding the adequacy of past reserves relative to future claims. SBI General's loss-reserving triangle, based on actuarial estimates, indicates that reserves have been adequate historically and reflects favourable claims experience in recent years. Nevertheless, the ultimate outcome for risk-in-force will only be known with a considerable lag, which could affect future profitability and solvency.

Dependence on tender-driven crop business may lead to volatility in top line, although share is declining – SBI General has underwritten a relatively high share of crop insurance compared to peers, with the segment accounting for 17.1% of GDPI in FY2025 (21.0% in FY2024). The business is largely tender-driven and remains inherently lumpy and volatile. While most tenders fall under the 80-110 scheme³, which limits potential losses, exposure to tenders outside this framework could lead to volatility in the overall earnings and considerable losses in years of adverse weather events. A high share of crop business also poses risks related to delayed payments from state governments and reserve fluctuations. Additionally, competitive intensity in this segment is expected to rise as insurers seek to manage expense-of-management (EoM) requirements introduced by the regulator. The company remains selective in tender participation; however, inadequate pricing could result in elevated net loss ratios. SBI General's ability to consistently underwrite profitable crop business will be an important determinant of its overall revenue and profitability.

Liquidity position: Strong

SBI General's net premium was Rs. 9,250 crore in FY2025 in relation to the maximum net claims paid of Rs. 5,216 crore in the last few years, reflecting strong ability to pay claims from the operating cash flow. In addition, its operating cash flows have remained positive and it had investments in Central/state government securities of Rs. 7,419 crore, accounting for 33.1% of the total investments as on September 30, 2025, supporting the liquidity further to meet any unexpected rise in the claims of policyholders. The company's shareholders' investments of Rs. 4,268 crore remained strong in relation to the Rs. 700-crore sub-debt outstanding as on September 30, 2025.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Deterioration in SBI's credit profile or a decline in the strategic importance of SBI General to SBI or in the expectation of support from the promoter could impact the rating. Additionally, a decline in the company's solvency ratio to less than 1.70 times on a sustained basis would be a negative trigger.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Rating Methodology – General Insurance
Parent/Group support	Parent/Investor: SBI The rating factors in the high likelihood of financial support from SBI to SBI General, driven by reputational and strategic considerations
Consolidation/Standalone	Standalone

³ Under the 80-110 plan, the insurer's potential losses are restricted to 110% of the gross premium with the state government bearing the cost of any claims above 110% of the premium. If the compensation is less than the premium collected, the insurer will refund the premium surplus (gross premium minus claims) exceeding 20% of the gross premium to the state government

About the company

SBI General Insurance Company Limited was incorporated on February 24, 2009, as a public limited company under the Indian Companies Act, 1956. As on September 30, 2025, SBI held 73.89% in SBI General, followed by Napean Opportunities LLP (15.77%), PI Opportunities Fund-II (5.09%), PI Opportunities Fund-I (2.31%) and other shareholders (2.94%). In August 2025, Honey Wheat Investments Limited sold its overall stake (9.85%) to SBI and PI Opportunities Fund-II in an equal split.

SBI General offers a comprehensive and well-diversified range of products, including health, motor, crop/weather, fire, personal accident, marine, engineering and liability insurance, through multiple distribution channels. It is the sixth largest private insurer with a market share of 4.6% in H1 FY2026.

Key financial indicators

SBI General Insurance Company Limited	FY2024	FY2025	H1 FY2026
Gross direct premium	12,554	13,890	7,202
PAT	240	509	422
Net worth*	4,144	4,674	5,081
Total investments	17,940	21,562	22,399
Combined ratio	108.2%	109.8%	108.9%
Return on equity^	6.7%	11.5%	17.3% [@]
Solvency ratio (times)	2.25	2.03	2.13

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Net worth excluding fair value change account (FVCA); ^ PAT/Net worth excluding FVCA; [@] Annualised

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Dec 01, 2025	Date	Rating	Date	Rating	Date	Rating
Subordinated debt programme	Long term	700.00	[ICRA]AAA (Stable)	Dec-12-2024	[ICRA]AAA (Stable)	Dec-28-2023	[ICRA]AAA (Stable)	-	-

Source: Company

Complexity level of the rated instruments

Instrument	Complexity indicator
Subordinated debt programme	Moderately Complex

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE01MM08012	Subordinated debt programme	Feb 21, 2024	8.35%	Feb 21, 2034*	700.0	[ICRA]AAA (Stable)

Source: Company, ICRA Research; * The company has a call option, which is exercisable five years from the date of allotment and at the end of every year thereafter on coupon payment dates

The rating factors in the key features of the subordinated debt instrument:

- In case the solvency ratio is below the level stipulated by the regulator⁴ or the interest payouts lead to a decline in the solvency ratio below the regulatory requirement, prior approval of the regulator would be required to service the debt;
- If the interest payouts lead to a net loss or an increase in the net loss, prior approval of the regulator would be required to service the debt.

Annexure II: List of entities considered for consolidated analysis

Not applicable

⁴ As per Insurance Regulatory and Development Authority of India (IRDAI) regulations, insurers are required to maintain a minimum solvency ratio of 150%

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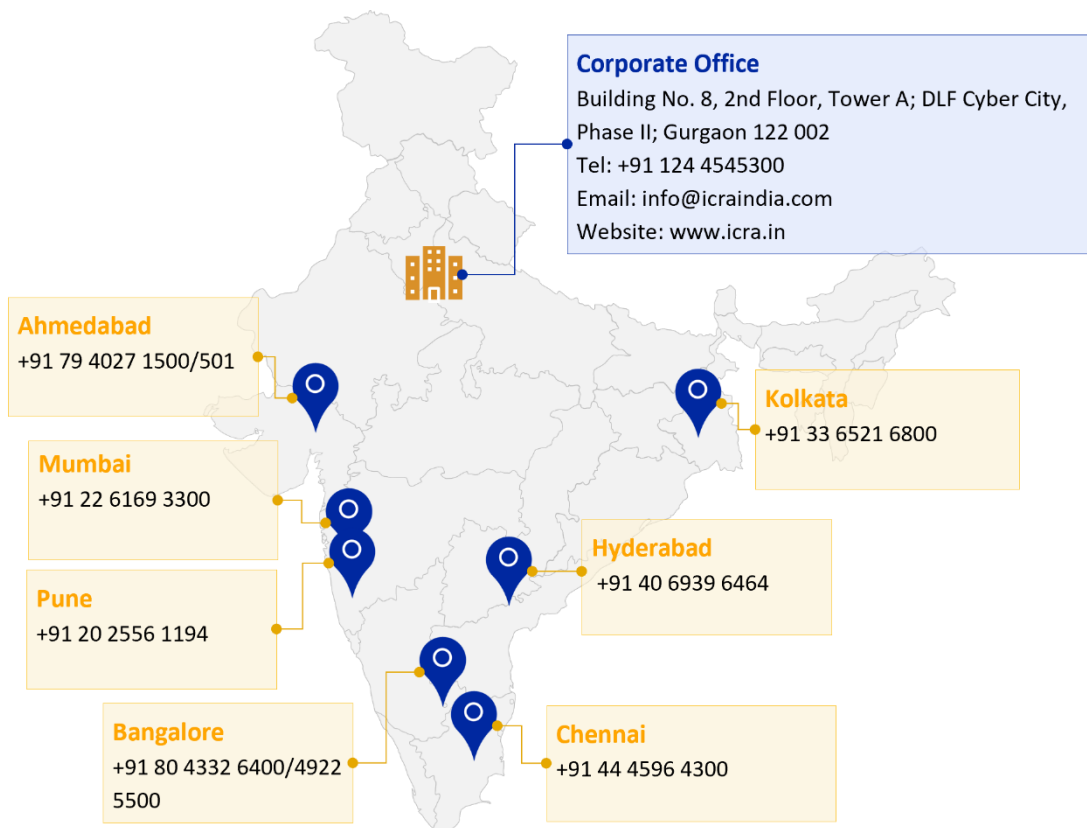


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