

February 18, 2026

Universal Sampo General Insurance Company Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer Rating	-	-	[ICRA]AA+ (Stable); reaffirmed
Subordinated debt programme	265.00	265.00	[ICRA]AA (Stable); reaffirmed
Total	265.00	265.00	

*Instrument details are provided in Annexure I

Rationale

The ratings factor in Universal Sampo General Insurance Company Limited's (Universal Sampo) strong promoter profile, with Sampo Japan Insurance Inc. (Sampo; rated Moody's A1/Stable¹) and Indian Bank holding equity stakes of 34.61% and 28.52%, respectively, and the demonstrated operational, managerial, and financial support. The ratings consider Sampo's representation on Universal Sampo's board of directors and the shared brand name, which further strengthens ICRA's expectation of adequate and timely capital support. While the company has access to the distribution network of its promoter banks, the scale-up has been relatively muted with the same accounting for only 6.9% of its gross direct premium income (GDPI) in FY2025. Additionally, the agency channel accounted for 3.3% of the GDPI in FY2025, resulting in high reliance on brokers to source business. The ratings also factor in the ongoing diversification of the distribution channels with higher focus on the agency and broking channels, including original equipment manufacturers (OEMs), to increase new business sourcing in the motor segment, group health and commercial lines of business. This is expected to improve product diversification.

Universal Sampo's solvency, which stood at 2.01 times as on September 30, 2025, has been supported by healthy internal accruals and the sub-debt of Rs. 265 crore (0.32 times in the reported solvency). While the existing solvency level remains comfortable, ICRA expects support from Sampo to be forthcoming, if required.

The ratings remain constrained by Universal Sampo's moderate scale of operations and the rising share of the long-tail business, which exposes it to reserving risks. Further, while the share of the health segment in the overall GDPI is increasing, it remains concentrated towards group health. Over the medium term, Universal Sampo's ability to diversify its product mix and improve its underwriting performance and operating efficiency would be critical for enhancing its earnings profile.

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

Key rating drivers and their description

Credit strengths

Strong parentage with operational, managerial, and financial support from Sampo – Sampo's stake in Universal Sampo was 34.61% as on December 31, 2025. Sampo was established in October 1888 and is one of the largest domestic property and casualty (P&C) insurers in terms of the consolidated net premium written in Japan. As on March 31, 2025, it had a presence in 29 countries and regions through overseas subsidiaries, branches, and representative offices. Universal Sampo leverages Sampo's experience in the insurance sector across many countries. This is evidenced by the presence of three board nominees from Sampo, supporting Universal Sampo's strategic decision-making process. In addition, Sampo has nominated a Deputy

¹ For Insurance Financial Strength

Chief Executive Officer (CEO), who shares responsibilities with the Indian CEO in the management of the company. In terms of capital support, Sampo and Dabur Investment Corporation (DIC) subscribed to Universal Sampo's rights issue of Rs. 100 crore in FY2018. Further, Sampo and DIC purchased the shares transferred by Karnataka Bank Limited (KBL) in FY2019, increasing their shareholding to 34.61% and 12.81%, respectively, as on March 31, 2019, from 28.42% and 10.74%, respectively, as on March 31, 2018.

Universal Sampo also gets support from the three promoter banks, in terms of business origination, through the bancassurance (banca) channel, though there is scope for improving the same as it accounted for only 6.9% of the GDPI in FY2025. As on December 31, 2025, Universal Sampo's board consisted of 17 directors with extensive experience in the financial services industry, including three representatives from Sampo Japan and seven from the promoter banks.

Diversification of distribution channels, though reliance on broker channel can be reduced – Universal Sampo's GDPI rose at a compound annual growth rate (CAGR) of 14% in the last three years, primarily driven by the expansion of its distribution network in the broker channel (mainly motor and group health segments) and its strategic tie-ups with automobile OEMs, ensuring sustainable and profitable growth. The improvement in the company's product mix is due to the ongoing diversification of the business segment in the last few years. As a result, the granular motor segment is now the largest business segment, which stood at 58.0% of the total GDPI in 9M FY2026 compared to 33.1% in FY2021, whereas the tender-driven crop business declined to 6.6% in 9M FY2026 from 44.2% in FY2021.

While Universal Sampo's presence in the commercial business is limited, it is incrementally focussing on improving the same through various measures. The company's distribution mix is largely dominated by brokers (motor and group health) and direct business (crop business) with a 45.8% and 37.1% share, respectively, in the total distribution in FY2025 (56.5% and 23.6%, respectively, in H1 FY2026). ICRA expects Universal Sampo to maintain the pace of growth in its retail portfolio by expanding into new geographies and diversifying its premium mix further.

Solvency supported by internal accruals and sub-debt – Universal Sampo's capitalisation has been supported by internal accruals, with an average return on equity of 13.5% during FY2023-FY2025 and 14.9% in H1 FY2026. The last capital infusion was Rs. 100 crore in FY2018. Solvency of 2.01 times, as on September 30, 2025, was further supported by the sub-debt of Rs. 150 crore and Rs. 115 crore raised in Q1 FY2025 and Q1 FY2026, respectively. ICRA expects capital support from the promoters to meet the growth plans while maintaining the solvency above ICRA's negative threshold of 1.70 times.

The company's underwriting performance remains better than peers with an average overall combined ratio of 100.3% during FY2023-FY2025, supported by the crop and motor segment. The underwriting performance improved further in H1 FY2026 with a combined ratio of 95.3%. While Universal Sampo has diversified into the motor segment, which typically has higher loss ratios and management expense, its underwriting performance in motor has been supported by the out-of-court settlements in the Motor-Third party (Motor-TP) segment (resulting in favourable development of Rs. 16 crore, Rs. 96 crore and Rs. 30-40 crore in FY2024, FY2025 and H1 FY2026, respectively) and selective underwriting in the Motor-Own damage (Motor-OD) segment. The ability to maintain underwriting discipline and selectively grow the profitable business in the motor segment, despite intense competitive pressure, will remain a key driver of the company's profitability, going forward.

Credit challenges

Moderate scale of operations – Universal Sampo faces stiff competition from private as well as public sector general insurance companies in India. Its scale of operations remained moderate with a market share of 1.7% in FY2025 (1.8% in 9M FY2026). Historically, the company’s operations remained concentrated in the crop segment accounting for 33-44% of the GDPI during FY2021-FY2024, exposing the revenues and profitability to volatility. While growth in FY2025 and 9M FY2026 was incrementally supported by the motor segment, increasing Universal Sampo’s market share in the retail segment (retail health and motor) to 2.3% in 9M FY2026 (1.2% in FY2021), it continues to be moderate.

Rising share of long-tail business exposes the company to reserving risks – A major risk faced by an insurance company is the underwriting of the business at adequate premium pricing in relation to the underwritten risk. The uncertainty regarding the extent of claims is relatively higher in the Motor-TP segment, which accounted for 20-25% of Universal Sampo’s total GDPI in the last few years (~33% in 9M FY2026). The long-tail nature of the Motor-TP segment, given the legal process involved for claims settlement, could result in uncertainty regarding the level of future claims in relation to the past reserves made for this segment. As on March 31, 2025, the Motor-TP segment accounted for 59.8% of total reserves for future claims, the payout against which will be made over many years. The company’s loss-reserving triangle showed a favourable development in FY2024 and FY2025 due to out-of-court settlements. Universal Sampo has been actively engaging in consent-based settlements, allowing claims to be resolved faster and at lower amounts. While the company creates or releases reserves, the eventual outcome for the risk-in-force or adequacy of current reserves against future claims payouts may be known with considerable lag, which could impact the future profitability and solvency as seen in the recent past. Further, the profitability of this segment could be affected as the pricing of Motor-TP rates is regulated. The ability to grow the business while maintaining adequate pricing for risk underwritten will be key for long-term profitability.

Liquidity position: Strong

The company’s net written premium was Rs. 2,496 crore in FY2025 in relation to the maximum net claims paid of Rs. 1,725 crore in the last few years, reflecting sufficient ability to pay claims from the operating cash flow. Universal Sampo had investments in Central/state government securities, accounting for 37.2% of the total investments of Rs. 5,420 crore as on September 30, 2025, further supporting the liquidity to meet the claims of policyholders. Shareholders’ investments stood at Rs. 1,220 crore in relation to the Rs. 265-crore sub-debt outstanding as on September 30, 2025.

Rating sensitivities

Positive factors – A sustained improvement in Universal Sampo’s profitability, along with an increase in its market share and a further increase in its importance to Sampo, would be a positive factor.

Negative factors – A deterioration in Sampo’s credit profile or a decline in the strategic importance of Universal Sampo to Sampo or in the expectation of support from the promoter could impact the ratings. 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/Group company: Sampo Japan Insurance Inc. The ratings factor in the high likelihood of financial support from Sampo Japan Insurance Inc. to Universal Sampo, driven by reputational and strategic considerations
Consolidation/Standalone	Standalone

About the company

Universal Sampo is a joint venture (JV) with Sampo holding a 34.61% stake as on December 31, 2025, followed by Indian Bank (28.52%), Indian Overseas Bank (18.06%), Dabur Investment Corporation (12.81%) and Karnataka Bank Limited (6.00%). The company commenced operations in India in November 2007. It had 180 offices and more than 1,900 employees as on December 31, 2025. Universal Sampo offers a range of general insurance products catering to the retail, rural, small, and medium-sized enterprise (SME) and corporate customer segments.

Key financial indicators – Standalone

Universal Sampo General Insurance Company Limited	Audited	Audited	Unaudited
	FY2024	FY2025	H1 FY2026
Gross direct premium	4,622	5,078	2,837
PAT	182	190	124
Net worth (excluding FVCA)	1,441	1,631	1,745
Total investment	4,612	5,274	5,420
Combined ratio	100.7%	100.5%	95.3%
Return on equity (PAT/Net worth excluding FVCA)	13.4%	12.4%	14.9%
Solvency ratio (times)	1.80	1.97	2.01

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; FVCA: Fair value change account

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Feb 18, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Issuer Rating	Long term	-	[ICRA]AA+ (Stable)	Mar-07-2025	[ICRA]AA+ (Stable)	Mar-12-2024	[ICRA]AA+ (Stable)	Jul-12-2022	[ICRA]AA+ (Stable)
				-	-	Mar-05-2024	[ICRA]AA+ (Stable)	-	-
				-	-	Jul-28-2023	[ICRA]AA+ (Stable)	-	-
Subordinated debt programme	Long term	150.0	[ICRA]AA (Stable)	Mar-07-2025	[ICRA]AA (Stable)	Mar-12-2024	[ICRA]AA (Stable)	-	-
Subordinated debt programme	Long term	115.0	[ICRA]AA (Stable)	Mar-07-2025	[ICRA]AA (Stable)	-	-	-	-

Source: ICRA Research

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	Not Applicable
Subordinated debt programme	Highly 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
NA	Issuer Rating	NA	NA	NA	NA	[ICRA]AA+ (Stable)
INE635M08015*	Subordinated debt programme	Jul-25-2024	9.85%	Jul-25-2034	150.00	[ICRA]AA (Stable)
INE635M08023*	Subordinated debt programme	Jul-24-2025	9.10%	Jul-24-2034	115.00	[ICRA]AA (Stable)

Source: Universal Sampo, 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 before the redemption date

Key features of rated debt instrument

The rating also factors in the key features of the instrument, in line with the applicable guidelines for subordinated debt:

- » In case the solvency ratio is below the level stipulated by the regulator 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

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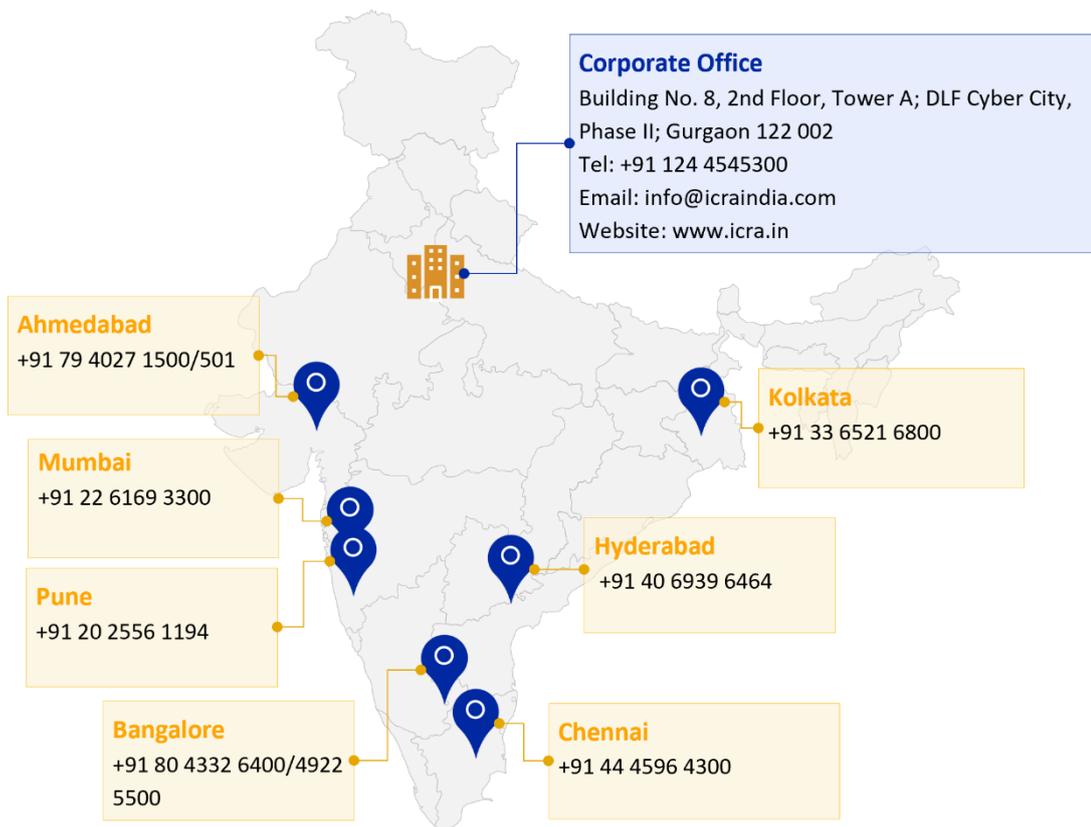
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