

April 22, 2026

## Cholamandalam MS 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	100.00	100.00	[ICRA]AA (Stable); reaffirmed
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating factors in Cholamandalam MS General Insurance Company Limited's (CMICL) parentage, with Cholamandalam Financial Holdings Limited (CFHL; part of Murugappa Group and holding company of Cholamandalam Investment and Finance Company Limited<sup>1</sup> – CIFCL) and Mitsui Sumitomo Insurance Company Limited<sup>2</sup> (MSI) holding equity stakes of 60% and 40%, respectively, and the demonstrated operational, managerial and financial support. The rating considers the shared brand name, CMICL's strategic importance to its promoters and the representation on its board of directors, which strengthens ICRA's expectation of adequate and timely capital support, if required.

The rating also considers the company's established position in the motor segment, with a market share of 5.3%<sup>3</sup> in terms of gross direct premium income (GDPI) in 11M FY2026, and the strong investment leverage<sup>4</sup> driven by increased growth, the high share of the long-tail business as well as multi-year policies. CMICL's solvency, which stood at 2.04 times as on December 31, 2025, was above the regulatory requirement. The company's return on equity<sup>5</sup> (RoE) remained healthy at 11.0% in 9M FY2026 but was lower than the 5-year average of 12.5% during FY2021-FY2025 due to additional reserving in the motor-third party (Motor-TP) business. While CMICL has incurred significant underwriting losses, this was offset by the high investment float and income owing to the high share of the long-tail motor business.

CMICL's product mix is concentrated in the motor segment with a share of 72% in 11M FY2026 (67% in FY2025). The increase in the share of motor GDPI was due to absence of the crop business in 11M FY2026. Additionally, the company has a high share of the long-tail Motor-TP business (39.2% of GDPI in 11M FY2026), which exposes its future profitability and solvency to reserving risks.

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

### Key rating drivers and their description

#### Credit strengths

**Strong parentage** – CMICL is owned by CFHL and MSI, holding 60% and 40% equity stakes, respectively. CFHL is the holding company of the financial businesses of Murugappa Group. It is registered as a core investment company (CIC) under Reserve Bank of India (RBI) regulations. CMICL has access to the large distribution network of Murugappa Group companies. MSI, a subsidiary of Japan-based MS&AD Insurance Group Holdings Inc, has a strong global presence in the life and non-life insurance

<sup>1</sup> Rated [ICRA]AA+ (Positive) for its non-convertible debentures and [ICRA]A1+ for its commercial paper programme

<sup>2</sup> Rated A1 for insurance financial strength and A3 for (hyb) for subordinated debt by Moody's

<sup>3</sup> Market share calculation excludes ECGC Ltd. and Agriculture Insurance Company of India Limited

<sup>4</sup> Investment leverage = (Total investment - Sub-debt)/Net worth excluding fair value changes

<sup>5</sup> RoE = PAT/Average net worth excluding fair value change account (FVCA)

segments. CMICL derives support from the shareholders in the areas of sourcing, underwriting, reinsurance, product development, claims processing and internal controls. It also has adequate board representation with eight directors, including two from Murugappa Group companies and two from the foreign shareholder.

CMICL's reported solvency stood at 2.04 times as on December 31, 2025 (2.18 times as on March 31, 2025), staying above the regulatory requirement of 1.50 times and ICRA's negative trigger of 1.60 times on a sustained basis. The company has headroom for raising additional sub-debt of ~Rs. 121 crore as on December 31, 2025, which provides financial flexibility to meet its growth plans. Further, ICRA expects support from Murugappa Group to be forthcoming if required.

**Established market position in motor segment, aided by wide distribution reach** – CMICL benefits from Murugappa Group's presence in dealer locations through the Group's captive distribution company, which has ~600 branches in India, mostly in Tier-2/3 cities. Further, the company sources 8.3% of its premium from CIFCL. The corporate agency channel (including the captive distribution entity and CIFCL) contributed 23% to the GDPI in 9M FY2026. Since the motor segment accounts for a large share of the business, the distribution channel is skewed towards brokers (51%) with bancassurance accounting for 11%. Aided by the recurring business sourced through these channels, the growth in the motor segment, which constituted 72% of CMICL's business in 11M FY2026, remained strong with a market share of 5.3% (4.9% in FY2022). While the share of motor in the product mix is expected to decline on account of diversification of the product lines, it is likely to remain the dominant contributor in the medium term.

**Capitalisation supported by internal accruals** – CMICL's capitalisation remained comfortable with a solvency of 2.04 times as on December 31, 2025, which continued to be above the regulatory requirement of 1.50 times. The capitalisation profile has been comfortable without any capital infusion from the promoters; they had last infused equity in FY2014. While the solvency ratio declined to 2.04 times as on December 31, 2025 from 2.18 times as on March 31, 2025 due to growth and moderation in profitability because of the higher loss ratios in the motor and health segments, ICRA does not expect any capital requirement. This is because the solvency ratio is comfortable for supporting the growth in the medium term. Further, the headroom to raise sub-debt provides some financial flexibility.

CMICL's profitability remains healthy, with a 5-year average RoE of 12.5% over FY2021-FY2025, which has supported its solvency position. However, it reported a net profit of Rs. 257 crore (RoE of 11.0%) in 9M FY2026 compared to Rs. 363 crore (RoE of 18.1%) in 9M FY2025. The decline was due to the deterioration in the loss ratios in the motor-own damage (Motor-OD) and TP segments. The company created an additional inflation-linked reserve in the Motor-TP segment of Rs. 150 crore in 9M FY2026, which adversely impacted the segment's net loss ratio. Although the underwriting performance remained moderate, with a combined ratio of 116.2% in 9M FY2026 (110.5% in 9M FY2025), the overall profitability was supported by investment income. CMICL continues to benefit from the strong investment leverage of 5.81 times, driven by the high share of the long-tail Motor-TP business.

## Credit challenges

**Product concentration towards motor segment** – CMICL faces stiff competition from private as well as public sector general insurance companies in India. While its market share in the motor segment stood at 5.3% in 11M FY2026, its presence in other segments remained limited. CMICL is consciously looking to improve its presence in segments such as small and medium enterprises (through fire and property insurance products) and health and personal accident among others. Further, within motor, the company has a mix of private cars (50% of motor segment GDPI in 9M FY2026), commercial vehicles (39%) and two-wheelers (11%). CMICL's ability to grow its market share in other segments and improve its profitability amid rising competition is to be seen.

**Exposed to reserving risks due to high share of Motor-TP business** – 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 38-46% of CMICL's total GDPI in the last few years (declined to 38.1% in 9M FY2026 from 45.5% in FY2022) and 77.5% of its technical reserves as on December 31, 2025. 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. While CMICL's loss-reserving

triangle, based on actuarial estimates, indicates that it has maintained adequate reserves historically and has witnessed favourable claims experience vis-à-vis reserving in recent years, the extent of such favourable developments is inherently exposed to volatility and can thus affect profitability. For example, the company undertook additional reserving of Rs. 150 crore in the Motor-TP segment in 9M FY2026, which adversely impacted the reported net loss ratio of this segment. Further, the eventual outcome for the risk-in-force may be known with considerable lag, which could impact its future profitability and solvency. The profitability of this segment could also be affected as the pricing of Motor-TP rates is regulated.

### Liquidity position: Strong

CMICL’s net premium was Rs. 5,998 crore in FY2025 in relation to the maximum net claims paid of Rs. 3,338 crore in the last few years. The company’s operating cash flow remained positive, reflecting its strong ability to meet expenses and claims payments through premium inflow. It had investments in Central/state government securities of Rs. 6,545 crore, accounting for 34.4% of the total investments as on December 31, 2025, further supporting its liquidity to meet any unexpected rise in the claims of policyholders. Shareholders’ investment of Rs. 3,059 crore also remains strong in relation to the Rs. 100-crore sub-debt outstanding as on December 31, 2025.

### Rating sensitivities

**Positive factors** – An improvement in Murugappa Group’s credit profile and a consistent improvement in CMICL’s profitability along with the diversification of the product mix and an improvement in its market share.

**Negative factors** – A deterioration in the promoters’ credit profile or a decline in the strategic importance of CMICL to the promoters or in the expectation of support from the promoters will be a negative factor. A decline in the company’s solvency ratio to less than 1.60 times on a sustained basis will also be a negative factor.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">General Insurance</a>
Parent/Group support	Parents: Murugappa Group and MSI The rating factors in the high likelihood of financial support from Murugappa Group and MSI Group to CMICL, driven by reputational and strategic considerations
Consolidation/Standalone	Standalone

## About the company

Cholamandalam MS General Insurance Company Limited (CMICL) is a joint venture between Cholamandalam Financial Holdings Limited (part of Murugappa Group) and Mitsui Sumitomo Insurance Group of Japan (rated A1 on the long-term and insurance financial strength by Moody's). CMICL offers a wide range of products including accident, engineering, health, liability, marine, motor, property and travel insurance for individuals and corporates. The Foreign Direct Investment Rules were amended in FY2016, whereby foreign holding in an insurance company was increased to 49% of the insurer's share capital. Following this, MSI increased its stake in the company to 40% from 26% of the share capital by purchasing equity from the Murugappa Group company.

### Key financial indicators

Cholamandalam MS General Insurance Company Limited	FY2024	FY2025	9M FY2026
Gross direct premium	7,533	8,124	5,714
PAT	331	507	257
Net worth (excluding FVCA)	2,492	3,000	3,257
Total investments	16,811	18,565	19,007
Combined ratio	109.9%	110.2%	116.2%
Return on equity^ (annualised)	14.2%	18.5%	11.0%
Solvency ratio (times)	1.79	2.18	2.04

Source: Company, ICRA Research; Amount in Rs. crore; All calculations are as per ICRA Research

^ PAT/Net worth excluding FVCA

### Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Current (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Apr 22, 2026	Date	Rating	Date	Rating	Date	Rating
Subordinated debt programme	Long term	100.00	[ICRA]AA (Stable)	Apr 23, 2025	[ICRA]AA (Stable)	Apr 26, 2024	[ICRA]AA (Stable)	Apr 28, 2023	[ICRA]AA (Stable)

Source: CMICL, ICRA Research

**Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026**

ICRA rated Instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other Activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity indicator
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 II: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
INE439H08020	Subordinated debt programme	June 02, 2022	8.47%	June 02, 2032*	100.00	[ICRA]AA (Stable)

Source: Company; \*Call option exercisable at the end of five years from deemed date of allotment and every coupon payment thereafter

### 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:

- » Servicing of interest is contingent on the company maintaining a solvency ratio above the levels stipulated by the regulator<sup>6</sup>
- » 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 III: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Not applicable	Not applicable	Not applicable

<sup>6</sup> As per IRDAI regulations, insurers are required to maintain a minimum solvency ratio of 150%

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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