

April 27, 2026

Tata AIG General Insurance Company Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer Rating	-	-	[ICRA]AAA (Stable); reaffirmed
Subordinated debt programme	545.00	545.00	[ICRA]AAA (Stable); reaffirmed
Total	545.00	545.00	

*Instrument details are provided in Annexure II

Rationale

The rating considers Tata AIG General Insurance Company Limited's (Tata AIG) established position as the third largest private general insurer with a market share¹ of 6.2% in terms of gross direct premium income (GDPI) in FY2026. The company has a well-established presence in the motor segment (47.4% of GDPI). Its strong growth has been supported by the diversified and expanding distribution network. Given the continued scale-up in its business franchise and the high share of the retail business, operating expenses remain significant, resulting in an elevated combined ratio even though the loss ratio continues to be comparable to peers. The overall net profitability remains healthy, supported by the increased investment leverage due to the relatively elevated retention levels and high share of motor-third party (Motor-TP) policies. As on December 31, 2025, Tata AIG's solvency was comfortable at 1.89 times with an adequate cushion over and above the regulatory requirement on a sustained basis. Solvency has been supported by both healthy internal accruals and capital infusions from the promoters in the past. While Tata AIG has a relatively diversified product portfolio, the share of the long-tail Motor-TP business is high. This, along with the higher retention of risk on its own balance sheet, exposes the future profitability and solvency to reserving risks.

The rating also factors in the strong parentage with Tata Sons Private Limited (Tata Sons; rated ICRA]AAA (Stable)/[ICRA]A1+) holding a majority stake (73.95%) and American International Group, Inc. (AIG; rated Baa2/Positive by Moody's Investors Service) holding 25.98%. The shared brand name and representation on the board strengthen ICRA's belief that Tata AIG will receive adequate and timely capital support from Tata Sons if required. Tata AIG has a track record of capital infusions from promoters (Rs. 960 crore of equity infused by the sponsors during FY2016-FY2020).

The Stable outlook factors in the expectation that the company will continue to maintain a leading market position in the industry and receive support from Tata Sons, if required, while keeping the solvency level above the negative triggers.

Key rating drivers and their description

Credit strengths

Strong parentage – As on December 31, 2025, Tata Sons and AIG held 73.95% and 25.98%, respectively, in Tata AIG. Tata Sons is the principal holding company of the Tata Group and holds a stake in Tata Group companies operating in numerous sectors, including information technology, power, steel, chemical, vehicle manufacturing, financial services, consumer goods, and jewellery, among others. AIG is a leading global insurance organisation serving customers in more than 200 countries and jurisdictions. The rating factors in Tata AIG's strong parentage and its importance to its sponsors, with the same underscored by the shared brand name, board-level supervision and the track record of equity infusions. Tata AIG's board comprises nine directors, representing both promoters: three from Tata Sons, one from AIG and four independent directors. Going forward, continued support from Tata Sons would be a key rating sensitivity.

¹ Excluding specialised insurers [Agriculture Insurance Company of India Limited (AIC) and Export Credit Guarantee Corporation of India (ECGC)]

Comfortable solvency profile supported by healthy internal accruals – Tata AIG’s capitalisation profile remains comfortable with a solvency ratio of 1.89 times, as on December 31, 2025, compared to the regulatory requirement of 1.50 times. The solvency profile is supported by the company’s healthy internal accruals with an average return on equity (RoE)² of 15.5% during FY2021-FY2025 and 19.8% (annualised) in 9M FY2026. The normalisation of the net loss ratio in 9M FY2026 from the elevated level in FY2025 due to higher Motor-TP reserving supported the improvement in the combined ratio (112.1% in 9M FY2026 vs. 119.5% in FY2025). Investment gains remained strong, but were lower than FY2025; nevertheless, the RoE improved. The investment leverage³ (5.9 times as on December 31, 2025) and the associated investment income remained high, driven by the increased share of the Motor-TP segment in the overall business.

Apart from internal accruals, the solvency profile was aided by timely capital infusions from the sponsors in the past with the last round of capital infusion of Rs. 200 crore in FY2020. While the solvency ratio remains comfortable, ICRA expects support from the promoters to be forthcoming, if required, to ensure strong growth in the medium term. The company’s reserving levels for the long-tail business segments have historically been prudent while claims experiences have remained within the original estimates, providing comfort regarding the level of provisions created against the risk underwritten. Additionally, it has sizeable unrealised gains on its investment portfolio, which act as a cushion for the internal accruals and solvency position.

Established market position; growth supported by diversified distribution channel – Tata AIG’s GDPI growth has historically outpaced the industry average, except in FY2024 due to its strategy of pursuing selective underwriting in the motor segment. However, the company resumed its growth momentum in FY2025, which continued in FY2026 and exceeded the industry level. This led to an improvement in its market share to 6.2% in FY2026 from 5.4% in FY2024. The strong performance enabled Tata AIG to become the third largest private general insurer in FY2026.

Tata AIG has a strong presence in the motor segment (market share of 9.1% in 9M FY2026; second largest private insurer in the segment), accounting for 47.4% of its GDPI in 9M FY2026. Besides motor, other key segments include health and personal accident (21.7% of the GDPI in 9M FY2026) and fire (11.3%). Tata AIG has a reasonable presence in the commercial business segment due to the expertise derived from its parent, AIG.

The company’s strong growth has been supported by its diversified distribution network. Given the high share of the motor segment in the overall business, its distribution mix is largely dominated by brokers with a 45.5% share in the total distribution in 9M FY2026. Other key distribution channels include individual agents (21.7%), which is a key driver of the health segment business and direct (10.9%), which is a driver of the crop and fire businesses. Over the past few years, the company has strengthened its distribution network and increased the number of agents, which has resulted in a rise in its market share in the retail health segment. Moreover, this is expected to help Tata AIG maintain its growth rate in the retail portfolio by expanding into new territories and diversifying its premium mix.

Credit challenges

High share of long-tail business exposes the company to reserving risks – The major risk faced by an insurance company is the risk of underwriting at an adequate premium pricing in relation to the underwritten risk. The uncertainty regarding the extent of claims is relatively higher in the long-tail Motor-TP segment, which accounted for 25-30% of Tata AIG’s total GDPI in the last few years (22.1% in 9M FY2026) and 77.3% of its reserves as of December 2025. The long-tail nature of the Motor-TP segment, given the legal process involved in claims settlement, could result in uncertainty regarding the level of future claims in relation to the past reserves made for this segment. While the company’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 affect profitability. The eventual outcome for the risk-in-force may be realised with a considerable lag, which could impact future profitability and solvency. Further, the profitability of this segment could be impacted as the pricing of Motor-TP rates is regulated, with no price hikes in the last many years.

² Return on equity = PAT/Net worth excluding fair value change account (FVCA)

³ Investment leverage = (Total investment – Subordinated debt)/Net worth excluding FVCA

Liquidity position: Strong

Tata AIG's net premium was Rs. 10,964 crore in FY2025 in relation to the maximum net claims paid of Rs. 5,769 crore in the last few years, reflecting its strong ability to pay claims from the new premium. The long-tail Motor-TP business also aids the company's liquidity profile. For 9M FY2026, the net premium stood at Rs. 8,679 crore against net claims of Rs. 4,556 crore. In addition, its operating cash flow has remained positive. It had investments in Central/state government securities of Rs. 8,277 crore, accounting for 24% of the total investments as on December 31, 2025, further supporting its liquidity to meet any unexpected rise in policyholder's claims. Tata AIG's shareholders' investment of Rs. 6,119 crore (excluding FVCA) also remains strong in relation to the Rs. 545-crore sub-debt outstanding as on December 31, 2025.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Deterioration in Tata Sons' credit profile or a decline in the strategic importance of Tata AIG to Tata Sons 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: Tata Sons Private Limited The rating factors in the high likelihood of financial support from Tata Sons Private Limited, driven by reputational and strategic considerations
Consolidation/Standalone	The rating is based on the standalone financial statements of the issuer

About the company

Tata AIG General Insurance Company Limited (Tata AIG) is a joint venture between the Tata Group and American International Group (AIG). It commenced operations in India on March 31, 2001. The company offers a range of general insurance covers for businesses and individuals and has a comprehensive range of general insurance products, with a presence in 252 locations across India.

Key financial indicators

Tata AIG General Insurance Company Limited	FY2024	FY2025	9M FY2026
	Audited	Audited	Provisional
Gross direct premium	15,091	17,703	14,985
PAT	685	838	899
Net worth excl. FVCA	4,677	5,528	6,436
Total investments	31,154	34,776	38,510
Combined ratio	109.3%	119.5%	112.1%
Return on equity (PAT/Net worth excl. FVCA)	15.8%	16.4%	19.8%*
Solvency ratio (times)	2.09	1.81	1.89

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; *Annualised

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Apr 27, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Subordinated debt programme	Long term	545.0	[ICRA]AAA (Stable)	Apr 30, 2025	[ICRA]AAA (Stable)	May 09, 2024	[ICRA]AAA (Stable)	May 15, 2023	[ICRA]AAA (Stable)
Issuer Rating	Long term	-	[ICRA]AAA (Stable)	Apr 30, 2025	[ICRA]AAA (Stable)	May 09, 2024	[ICRA]AAA (Stable)	May 15, 2023	[ICRA]AAA (Stable)

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
Issuer Rating	Not applicable

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/ Sanction	Coupon rate	Maturity date*	Amount rated (Rs. crore)	Current rating and outlook
INE067X08034	Subordinated debt programme	Sep 27, 2023	8.15%	Sep 27, 2033	545.00	[ICRA]AAA (Stable)
NA	Issuer Rating	NA	NA	NA	NA	[ICRA]AAA (Stable)

Source: Company; *Call option exercisable at the end of five years from the date of allotment

Key features of rated debt instrument

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 III: 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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