General Insurance

2% growth ex-AIC, October likely to be better

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The general insurance industry continued to reported strong growth in premiums with Sep'25 growth at 13% YoY, reporting INR 312bn on an unadjusted (reported) basis. This follows weak growth of 2% YoY in August and 3% in July, resulting in YTD FY26 growth of 7% till Sep'25. However, the strong growth was due to AIC (Agriculture Insurance Company of India), which accounted for 85% of the growth. Excluding AIC, industry growth was limited to 2%. Premiums for private, multi-line players grew 2% YoY while SAHI and public insurers grew 3% and 2% YoY, respectively. Till August, industry growth has tapered this year majorly due to decline in the crop segment (~9% share) while the fire segment has seen strong growth (~10% share); however, crop appears to have grown strongly this month. We expect growth for the sector to be 3-4% higher on a like-to-like basis, once the base normalises from October. With growth concerns around the industry, we prefer ICICIGI in the general insurance space, which has delivered consistent profitability.

- **Key multi-line players back to YoY growth:** Private multi-line players reported 2% YoY growth in premiums in Sep'25, in line with Aug'25; growth in PSUs was lower at 2% YoY vs. a strong 15% YoY growth in August.

  Within private multi-line players, Bajaj Allianz reported sluggish growth of 31% YoY on the back of 19% growth in Aug'25 and ICICI Lombard saw 6% YoY growth, gradually improving over the year. Go Digit also continued its healthy growth momentum at 10% YoY vs. 14% YoY in Aug'25.

- **SAHI growth moderated:** SAHIs grew at 3% YoY in Sep'25 vs. 4% YoY in Aug'25. Amongst SAHIs, Star Health posted 3% YoY growth (vs. 2% YoY in Aug'25). For 1QFY26, Star's growth, adjusted for 1/n accounting, came in at a respectable 13.2%, despite the company cutting down on the group business. Aditya Birla Health continued its strong growth momentum with 11% YoY growth (37% YoY in Aug'25 and 25% YTD FY26).

- **Valuations and view – prefer ICICIGI with improving growth and strong profitability:** With improved growth, we prefer ICICI Lombard in general insurance, valuing the insurer at 34x FY27e EPS of INR 67 to get a target price of INR 2,250. For Star Health, we wait for stability in claims for a couple of quarters, we have a HOLD rating on Star Health, valuing it at 21x FY27e EPS of INR 20 to get a target price of INR 420.

Exhibit 1. Sep'25 - GDPI and GDPI growth

INR bn	Sep-25	YoY growth	YTD FY26	YoY growth	FY25 growth
HDFC ERGO	17	(3.8%)	74	(16.9%)	(14.8%)
Reliance	17	(12.4%)	69	(4.5%)	7.4%
ICICI-Lombard	19	6.2%	143	(0.5%)	8.3%
SBI	12	(12.1%)	72	9.4%	10.6%
Bajaj Allianz	22	31.4%	116	9.4%	4.6%
Tata-AIG	183	4.3%	971	8.5%	17.4%
IFFCO-Tokio	7	6.2%	44	8.5%	(15.5%)
Universal Sompo	5	(19.7%)	28	5.2%	9.9%
Future Generali	3	(4.9%)	25	(8.2%)	10.1%
Cholamandalam	6	(18.4%)	36	(10.9%)	7.9%
Go Digit	8	9.6%	49	11.7%	6.7%
Royal Sundaram	3	7.3%	22	14.3%	3.5%
Shriram	4	17.5%	20	28.3%	23.6%
Magma HDI	2	15.0%	17	10.3%	9.5%
Liberty	22	21.7%	133	17.1%	4.2%
Acko	3	54.4%	12	14.8%	10.5%
Kotak Mahindra	1	(13.5%)	10	9.1%	20.7%
Raheja QBE	0	(48.1%)	1	(62.2%)	19.4%
NAVI	0	38.3%	1	102.5%	40.9%
Total Private	**151**	**1.7%**	**858**	**2.3%**	**5.0%**
New India	33	3.5%	219	12.9%	4.3%
Oriental	22	4.5%	113	12.2%	8.4%
National	13	(20.1%)	83	5.4%	9.9%
United India	16	23.4%	109	8.6%	1.1%
Total Public	**83**	**2.4%**	**524**	**10.6%**	**5.4%**
Star Health & Allied	15	3.4%	81	3.2%	9.6%
Care	7	1.8%	44	4.7%	20.9%
Niva BUPA	6	(1.4%)	35	7.2%	20.6%
Aditya Birla Health	5	11.4%	27	25.3%	30.3%
Manipal Cigna	1	(7.0%)	10	16.1%	6.3%
Standalone Health	**35**	**3.1%**	**196**	**7.7%**	**16.0%**
AIC	41	294.7%	67	75.7%	(1.8%)
ECGC	1	0.2%	7	9.4%	7.5%
Specialised PSU	**43**	**261.1%**	**74**	**66.4%**	**(0.7%)**
Industry	**312**	**13.2%**	**1,652**	**7.3%**	**6.2%***

Source: GIC, JM Financial

***8.6% adjusted for 1/n**

Exhibit 2. General insurance peer comps – we prefer ICICI Lombard

	Mcap - USD bn	TP	Reco	EPS CAGR FY25-FY27	P/E FY26E	P/E FY27E	P/E FY28E	P/B FY26E	P/B FY27E	P/B FY28E
ICICI Lombard	10.7	2,250	BUY	15.2	33.0	28.4	24.2	5.8	5.0	4.3
Star Health	3.2	420	HOLD	36.4	32.4	23.8	17.8	6.4	5.5	4.3

Source: Company, JM Financial

APPENDIX I

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Rating	**Meaning**
BUY	Total expected returns of more than 10% for stocks with market capitalisation in excess of INR 200 billion and REITs* and more than 15% for all other stocks, over the next twelve months. Total expected return includes dividend yields.
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