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Reforms may drive insurance growth back to double digits

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Insurance sector growth, which has been subdued in FY26 so far, is expected to return to double digits on the back of regulatory reforms, goods and services tax (GST) rationalisation, favourable base effects, and robust demand across key segments, industry leaders said.

The launch of the Bima Sugam digital marketplace, enhanced regulatory powers for the insurance regulator, and amendments to the Insurance Act allowing 100 per cent foreign direct investment (FDI) are also expected to boost growth prospects.

“Calendar year 2025 has been a defining year for India’s insurance industry,” said Tapan Singhel, managing director (MD) and chief executive officer (CEO) of Bajaj Allianz General Insurance. He said the passage of the Sabka Bima Sabki Raksha Bill and the 100 per cent FDI move have fundamentally reshaped the sector’s growth trajectory by opening access to global capital, expertise, and scale. “We are already seeing strong international interest, which reinforces confidence in India’s insurance market,” Singhel said.

According to industry experts, growth momentum has begun to build, with both life and non-life insurers reporting around 23 per cent premium growth in November, aided by GST rationalisation on insurance premiums, which has improved affordability.

While year-to-date (YTD) growth for April-November FY26 for both life and general insurance remains in the high single digits, industry leaders expect a sharp acceleration in the January-March quarter, which is traditionally the strongest period for insurance sales.

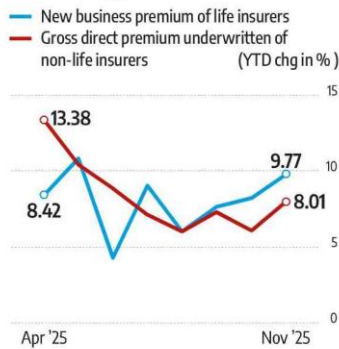
“YTD growth is about 7-8 per cent. By March, I am hopeful it will move into double digits on a YTD basis. January will be a big month because of new vehicle sales, and the historic renewal base will be enormous. The January-February-March period is also critical for health and life insurance for taxation purposes,” said Sharad Mathur, MD and CEO of Universal Sampo General Insurance.

Health and motor insurance have been the two key lines of business driving overall gross written premium growth, with health emerging as the fastest-growing segment, followed by motor insurance, Mathur said. “This momentum is expected to continue through March, with YTD growth likely moving from the current single-digit levels into double digits by the end of the financial year.”

The outlook is further supported by a more favourable base, as the impact of earlier regulatory changes, such as sur-



Gaining momentum



Source: Life Insurance Council and General Insurance Council

render value norms for life insurers and accounting changes for non-life insurers, begins to normalise. GST reforms have led to a visible uptick in policy sales, with life insurers reporting growth, helping reverse the earlier decline.

According to CareEdge Ratings, insurance coverage in India has expanded significantly over the past decade, with the number of lives covered rising sharply, largely driven by group and credit-linked products. However, analysts note that the next phase of growth will need to focus on adequate protection and retirement solutions, rather than coverage expansion alone, an area where insurers see strong medium-term demand.

CareEdge expects the life insurance industry to grow 8-11 per cent annually over FY26 and FY27, driven by group products, individual pensions, and protection plans. While near-term premium growth may remain volatile, analysts believe it will stabilise as recent regulatory changes increasingly favour customers and improve persistency.

According to Alok Rungta, MD and CEO of Generali Central Life Insurance, the outlook remains positive looking ahead. “We see a strong focus on the expansion of term insurance and an opportunity in rural markets, where rising disposable incomes are expected to drive demand.”

Singhel said: “The focus will be on translating reforms into deeper penetration, job creation and a meaningful contribution to economic growth, with insurance emerging as a core pillar.”