

PSUs dominate list of biggest insurers in equity markets

Private players, however, gaining in terms of equity assets managed

SUBRATA PANDA &
SACHIN P MAMPATTA
Mumbai, 25 April

It's not just Life Insurance Corporation (LIC) of India. Three out of the top five insurance players in the stock market are public sector ones, shows an analysis of the data on insurance funds' activity in the equity segment.

General Insurance Corporation of India (GIC Re) and The New India Assurance Company occupy the third and fourth spot, show figures from PRIME Database (nseinfobase.com). The only two private sector ones on the list are ICICI Prudential Life Insurance and HDFC Life.

The biggest player is LIC, at ₹6.21 trillion in equities. The other two public sector players account for another ₹31,628 crore. The two private players (ICICI Prudential and HDFC Life) account for ₹41,165 crore in equity assets. This is based on December-end shareholding data. Those holding more than 1 per cent in a company are required to compulsorily disclose it on the stock exchange. The total assets are based on the sum of all such disclosed stakes. The data disclosed so far for March also shows a similar trend.

The longer run may well see private players dominate, said experts.

Pranav Haldea, managing director (MD) of PRIME Database Group, said the market share of private players has been rising over the past several years. "Over the past two decades, since they were granted licenses, the private sector insurance companies have performed extremely well to gain market share from the incumbent. This trend is likely to continue," Haldea said.



HOW THEY STACK UP

3 of 5 biggest players are from the public sector

	Value of holdings (₹ cr)*
LIC	6,21,590
ICICI Pru Life	33,777
GIC Re	19,304
New India	11,964
HDFC Life	7,389

Source: PRIME Database (nseinfobase.com)

Note:*Based on December quarter shareholding disclosures for holding over 1 per cent in listed companies

The Insurance Regulatory and Development Authority of India (Irdai), in its annual report for 2018, mentioned the changing market dynamics.

"On the basis of total premium income, the market share of LIC decreased from 71.81 per cent in 2016-17 (FY17) to 69.36 per cent in 2017-18 (FY18). The market share of private insurers has increased from 28.19 per cent in FY17 to 30.64 per cent in FY18," it said.

A similar mention was made for the general insurance segment.

"In case of public sector general insurers, all four companies expanded their business with an increase in respective premium collections. However, the market shares of all the public sector insurers except...(one)...has decreased from the previous year," said the Irdai annual report.

Deepak Jasani, head of retail research at HDFC Securities, said that private insurance players may also have an advantage because of allocation practices.

"The private sector players are more aggressive in their equity bets, which may also result in faster growth in assets over the long term. Traditionally, the public sector players are somewhat risk averse," Jasani said.

The two private insurance players declined to comment, citing a silent period before the results. Public sector players, including LIC and The New India Assurance Company, weren't immediately available for comment.

One insurance player said that companies have the ability to take a more long-term view on the equity side, because the liabilities that these firms have are also long-term in nature, and there are no redemption pressures unlike other asset managers.

Such capital also benefits some of the long-gestation industries where they need capital that can remain invested over extended periods of time.

"The point is that the state-owned insurance companies have been in existence for 50-60 years, or more. As private life insurers grow, the book size will get bigger. As all these private players grow... these components (investment in equity markets) will also grow," said the person cited above.

"For all state-owned insurance companies, the regulations are the same for investment in equity markets. It's based on the regulation set out by Irdai. What GIC Re is doing is also according to Irdai norms," said Chairman and MD of GIC Re Alice Vaidyan.