

# THE BIG PROFIT **UNLOCK** IN GENERAL INSURANCE

COULD DIRECT CUSTOMER OWNERSHIP  
BE THE MISSING LINK?

REPORT | 2026



# Glossary of terms

Financial metric	Definition	Significance
<b>Gross Written Premium</b>	Total premium received from the customer	Indicates overall business scale and growth, before the impact of reinsurance premium ceded
<b>Net Written Premium</b>	Premium retained after deducting the premiums ceded to the reinsurance partner	Reflects the actual risk exposure retained by the insurer after reinsurance
<b>Net Earned Premium</b>	Part of NWP that is recognized for the period corresponding to risk exposure	Represents the premium attributable to risk covered during the period; base for underwriting performance analysis
<b>Retention Ratio</b>	Ratio of Net written premium to the gross written premium	Shows the extent of risk retained vs ceded to reinsurers, reflecting capital strategy and risk appetite
<b>Loss Ratio</b>	Ratio of claims incurred to the net earned premium	Indicates claims cost relative to premium, reflecting underwriting discipline and pricing adequacy
<b>Expense Ratio</b>	Ratio of operating expenses (including commissions) to the net written premium	Measures operating and distribution efficiency, including commissions and management expenses
<b>Combined Ratio</b>	Sum of loss ratio and expense ratio	Core indicator of underwriting profitability; below 100% implies underwriting profit
<b>Underwriting Profit</b>	Net earned premium minus claims incurred and underwriting expenses	Shows profitability of core insurance operations, independent of investment income
<b>Expense Of Management</b>	Operating expenses (including commissions)	Measures operating and distribution costs, including commissions and management expenses
<b>Return On Equity</b>	Ratio of net profit to the shareholders' equity	Measures overall profitability and value creation for shareholders
<b>Investment Income</b>	Income earned from investment of insurance funds	Income generated from invested insurance funds

- 1** **Return on Equity** = 
$$\frac{\text{Net profit after taxes}}{\text{Average shareholders' equity}}$$
 *Measures overall shareholder returns - higher RoE reflects efficient capital deployment and sustainable profitability*
- 2** **Loss Ratio** = 
$$\frac{\text{Net claims incurred}}{\text{Net earned premium}}$$
 *Reflects underwriting quality - lower ratios indicate better risk selection and pricing discipline*
- 3** **Expense ratio** = 
$$\frac{\text{Operating expenses + net commissions}}{\text{Net written premium}}$$
 *Captures distribution and operating efficiency - higher ratios reflect cost-intensive distribution models*
- 4** **Combined ratio** = 
$$\text{Loss Ratio} + \text{Expense Ratio}$$
 *Below 100% indicates underwriting profitability; above 100% implies reliance on investment income*

# Table of Contents

<b>Foreword</b>	04
<b>Methodology</b>	05
<b>Executive summary</b>	07
<b>1 Setting the tone</b>	08
<b>2 General insurance industry economics uplift</b>	
2.1 <i>Structural distribution economics</i>	15
2.2 <i>Growth vs Profitability Trade-off</i>	24
2.3 <i>Brand pull as an economic asset</i>	29
2.4 <i>Impact of Insurance Regulations</i>	35
<b>3 The path forward</b>	41



# Foreword

India's general insurance industry has delivered consistent growth over the past decade, with Gross Written Premium reaching ~INR 3.4L Cr (US\$ 37.3B) in FY26, growing at 11% annually across motor, health, and commercial lines. Despite this scale up, penetration remains close to 1% of GDP, well below global levels, indicating significant headroom for expansion.

Also, scale has not translated into proportional improvement in profitability. Over multiple cycles, combined operating ratios have largely remained in the 105-115% range, with return on equity for most insurers confined to low teens. Periods of faster premium growth have often been accompanied by higher acquisition costs or weaker underwriting performance, limiting operating leverage. This raises a structural question whether the profitability constraints of the industry are cyclical, or a consequence of the prevailing operating model.

A key feature of the Indian market is its heavy dependence on intermediaries, which account for ~80% of new business. While this model has enabled rapid reach, it has also resulted in high distribution costs, low customer ownership, and low retention levels of in key retail products. At the same time, a large share of industry growth has come from segments that add volume but deliver modest returns, constraining the ability to compound profitability.

With regulatory flexibility increasing and customer behaviour gradually shifting toward digital and direct engagement, insurers face the challenge of balancing penetration led growth with economic discipline.

This report examines the structural drivers that can unlock significantly higher profitability in the industry and explores whether alternative operating models, stronger customer ownership, and sharper growth choices can enable Indian general insurers to scale while building durable returns.

We, at Praxis Global Alliance, hope this report sparks new conversations across the ecosystem. We look forward to engaging with insurers, regulators, investors and industry participants who are committed to understanding and shaping the future of India's general insurance industry.



A handwritten signature in black ink, appearing to read 'Madhur Singhal'.

**Madhur Singhal**

Managing Partner,  
Praxis Global Alliance



A handwritten signature in black ink, appearing to read 'Vishal Bhawe'.

**Vishal Bhawe**

Practice Leader, Insurance,  
Praxis Global Alliance

# Methodology

- This study examines the Indian general insurance industry, focusing on structural drivers of profitability across underwriting, distribution, capital efficiency, and regulatory frameworks
- Analysis centers on motor and health segments, which drive the majority of industry premiums and profitability dynamics
- Covers growth–profitability dynamics, including combined ratios, RoE trends, and operating leverage across insurer cohorts
- Benchmarks Indian insurer economics against global markets to highlight structural gaps and improvement levers
- Explores distribution models, value chain evolution, and regulatory impact, including the role of intermediaries, direct channels, customer ownership, and EOM-related dynamics

## SOURCES OF INPUT



### Industry participant discussions

Discussions with senior industry practitioners (N = 12)



### International insurance expert interviews

Discussions with senior industry practitioners across global insurers



### Consumer survey

N = 1,203 motor/health insurance customers



### Customer interviews

N = 24 in-depth interviews



### Regulatory data

IRDAI reports, GI Council publications



### Company disclosures

Annual reports, investor presentations and financial filings of Indian and global insurers



### Secondary research

Industry reports, news articles, market studies and expert publications



### Praxis Econometrics

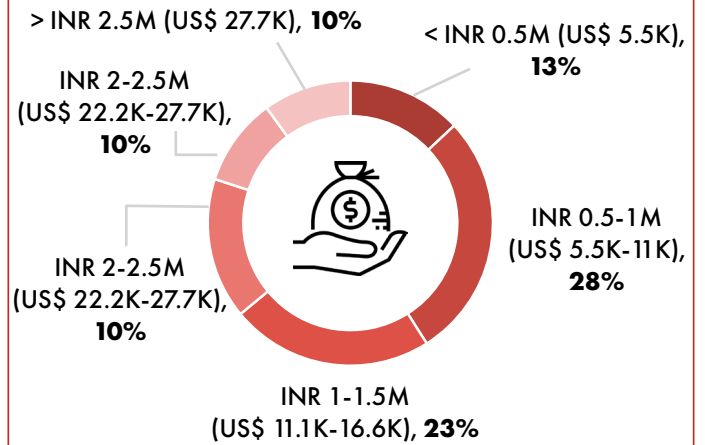
Praxis proprietary datasets and analytical insights on the general insurance sector

# CUSTOMER SURVEY RESPONDENT PROFILE (N = 1,203)

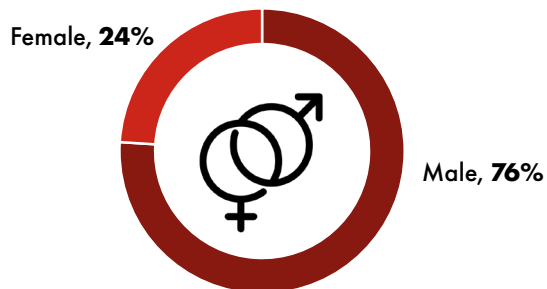
## Product type



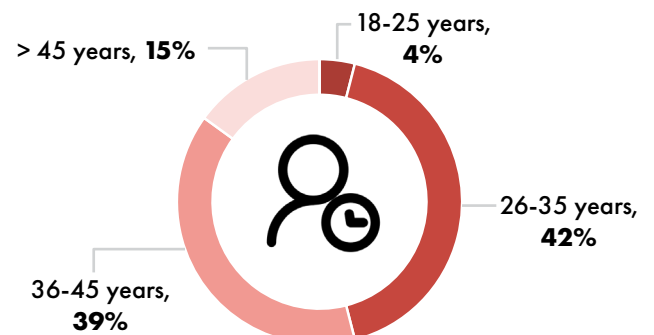
## Income



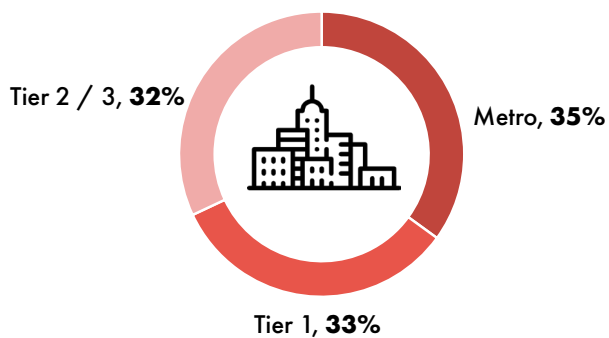
## Gender



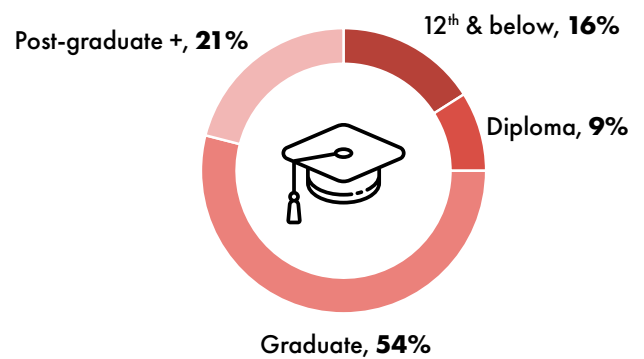
## Age



## Geography







## Education split



Note(s): For income, annual pre-tax household income is considered; US\$ 1 = INR 90

# Executive summary

**Robust growth underpinned by structurally weak operating economics, with profits driven primarily by investments**

 <p>Strong growth, but combined ratio &gt; 100%</p>	 <p>Tactical growth from low-return segments</p>	 <p>Structural issues across players</p>	 <p>Profitability driven by investments</p>
<ul style="list-style-type: none"> <li>Indian general insurance has delivered <b>strong</b> premium <b>growth</b> (~11% CAGR)</li> <li>Operating <b>economics</b> remain <b>structurally weak</b>, with <b>combined ratios</b> persistently above <b>100%</b> across <b>different</b> insurer types</li> </ul>	<ul style="list-style-type: none"> <li>A <b>meaningful</b> share of growth is driven by <b>low-return, high-volume</b> segments (group health, crop, etc.)</li> <li>These segments are written <b>tactically</b> to <b>inflate</b> topline while <b>diluting underwriting profits</b> and long-term RoE</li> </ul>	<ul style="list-style-type: none"> <li>Industry <b>economics</b> are <b>structurally similar</b> across same type of insurers, with <b>combined ratios</b> consistently more than <b>100%</b></li> <li>Limited <b>differentiation</b> in <b>loss</b> and <b>expense</b> ratios suggests <b>business model</b> constraints at a structural level, rather than <b>execution</b> gaps</li> </ul>	<ul style="list-style-type: none"> <li><b>Investment income</b> (~21% of NWP) remains the <b>primary</b> driver of profitability, offsetting <b>underwriting losses</b> (~-13%), indicating structural <b>dependence</b> on <b>investment</b> returns</li> <li>In contrast, <b>global</b> insurers generate <b>underwriting profits</b>, with <b>investment</b> income acting as a <b>supplement</b> rather than a <b>support</b></li> </ul>

**Customer ownership can unlock additional ~14% margins and ~20% additional RoE**

 <p>Intermediary led distribution</p>	 <p>Customer ownership</p>	 <p>Brand as an economic asset</p>	 <p>Evolving regulatory transparency</p>
<ul style="list-style-type: none"> <li>Extensive <b>intermediary</b> networks enable <b>strong</b> market <b>access</b> and <b>scale</b> across segments</li> <li>Associated <b>commission structures</b> sustain elevated <b>cost ratios</b>, with opportunity to improve underwriting efficiency over time</li> </ul>	<ul style="list-style-type: none"> <li>Customer ownership resides with <b>intermediaries</b>, which can dilute <b>direct engagement</b> and impact <b>retention</b> over time</li> <li><b>Expanding direct customer</b> engagement by insurers offers an <b>opportunity</b> to improve <b>retention</b> and build <b>long-term value</b> over time</li> </ul>	<ul style="list-style-type: none"> <li><b>Purchase decisions</b> are driven largely by <b>price</b> and <b>distributor</b> influence rather than <b>insurer brand recall</b> or preference</li> <li><b>Strengthening brand-led</b> engagement offers an <b>opportunity</b> to build <b>customer preference</b>, improve <b>retention</b> and create a durable <b>economic moat</b></li> </ul>	<ul style="list-style-type: none"> <li><b>Portfolio-level flexibility</b> under the <b>EOM</b> framework has <b>enabled</b> growth and <b>operational agility</b> across segments</li> <li>Evolving <b>regulatory focus</b> is expected to bring a shift towards greater <b>transparency</b> and drive more <b>balanced, discipline-led profitability</b> over time</li> </ul>

**Unlocking customer lifetime value hinges on owning the customer relationship - shifting from re-acquisition to sustained value creation**



1

# SETTING THE TONE

# 1 SETTING THE TONE

The Indian general insurance industry has demonstrated significant growth in recent years, driven primarily by the health and motor segments. However, this expansion in scale has not yet translated into underwriting profitability, leaving Indian insurers reliant on investment income to offset core operational losses. As the market matures, the focus is shifting from simple top-line growth to the structural economics required for sustainable profitability.

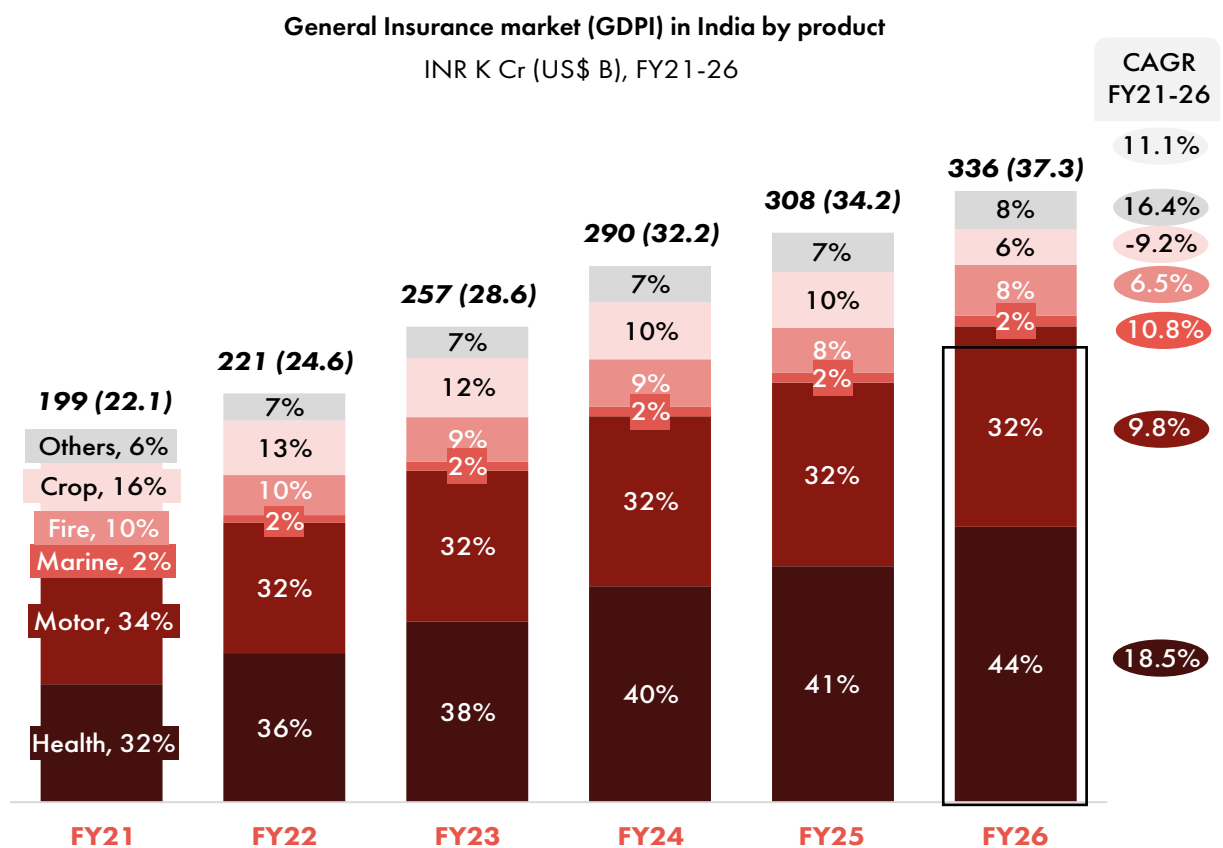
## 1.1 Health and motor insurance together contribute more than 70% of the general insurance market in India

The Indian general insurance market has **expanded steadily** from **INR 199K Cr** (US\$ 22.1B) in FY21 to **INR 336K Cr** (US\$ 37.3B) in FY26, with health and motor continuing to anchor the majority of premiums. Within this, health insurance has emerged as the **dominant** segment post-COVID, with growth driven by a combination of **price and scale**. Medical inflation (~10-12% p.a.) has increased average premiums per policy, while **product innovation** (multi-year policies, modular coverage, deductible-linked pricing, value-added services) and **distribution expansion** have supported broader adoption and portfolio expansion.

In contrast, motor insurance growth remains largely **volume-linked**, tied to underlying vehicle sales (e.g., ~7.3% growth in FY25), with regulated third-party pricing limiting the ability to expand premiums. As a result, growth in motor is more cyclical and dependent on external demand drivers. Across segments, **digital adoption and regulatory changes** have acted as key enablers, improving customer access, conversion, and servicing efficiency, thereby supporting overall market expansion.

### Exhibit 1.A

#### Growth in Indian General insurance industry – By product



	FY21	FY22	FY23	FY24	FY25	FY26
<b>Penetration (% of GDP)</b>	1.01%	0.93%	0.94%	0.98%	1.0%	-
<b>Density (INR / capita)</b>	1,466	1,563	1,798	2,009	2,114*	-

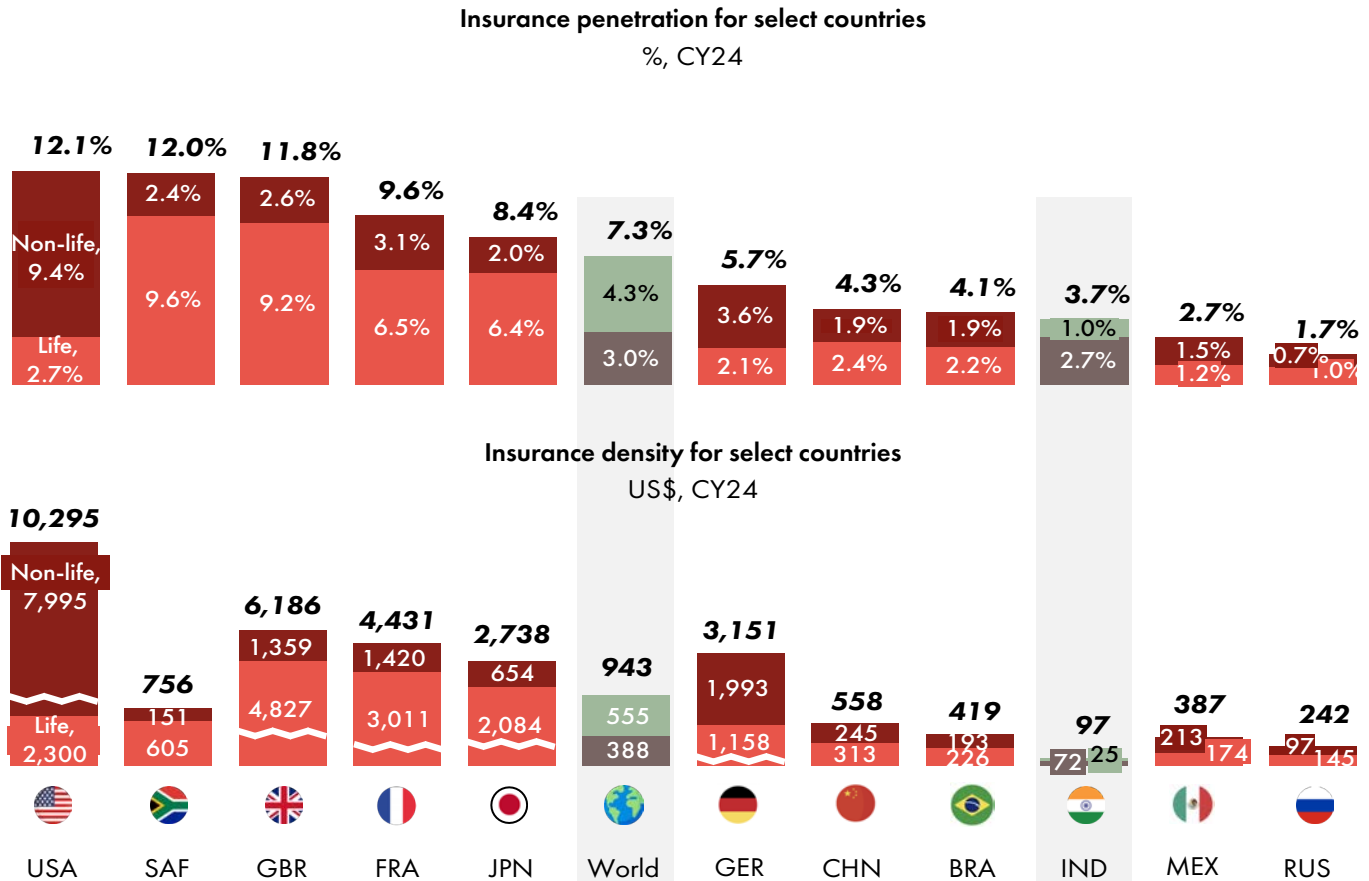
Note(s): US\$1 = INR 90; TP – Third Party, \*FY25 data for Density has been estimated using US\$1 = INR 84.56. Health includes Personal Accident and Travel; Penetration: Ratio of Insurance premium to nominal GDP of the country; Density: Insurance premium collected per capita  
Source(s): IRDAI, GIC, Praxis analysis

## 1.1.1 Despite the growth, India lags global peers on both insurance penetration and density

India's general insurance market remains **significantly underpenetrated**, with penetration at ~1% of GDP and density levels far below global benchmarks, indicating substantial headroom for expansion in both scale and profitability

### Exhibit 1.B

#### Insurance penetration and insurance density for select countries



Note(s): Penetration: Ratio of Insurance premium to nominal GDP of the country; Density: Insurance premium collected per capita  
Source(s): IRDAI, GIC, Praxis analysis

## 1.2 Despite differences in product mix, top Indian private insurers exhibit similar loss ratios and combined ratios → combined ratios exceed 100%

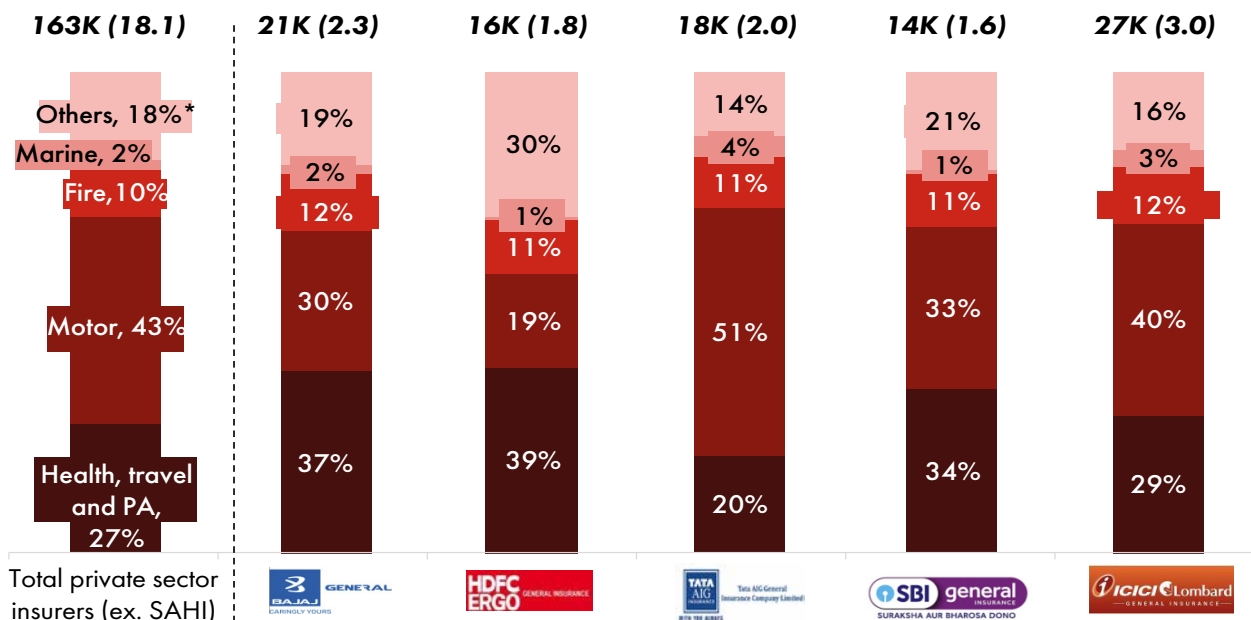
Despite strong growth in scale, Indian general insurers exhibit **structurally weak core insurance economics** relative to global peers. While **overall profit pools (as % of NWP) are broadly comparable across India and the US**, the composition differs materially. Indian insurers remain investment-led, with investment income (~21% of NWP) offsetting underwriting losses (~13%), indicating a reliance on non-core earnings. In contrast, US and leading global insurers generate **positive underwriting profits**, with investment income acting as a **supplement rather than a support**, reflecting stronger underwriting discipline.

This structural difference is evident in operating metrics. **Combined ratios in India remain above 100% (~110–113%)**, indicating persistent underwriting losses, whereas **global peers consistently operate below 100%**, demonstrating sustained underwriting profitability. Elevated loss ratios, competitive pricing pressures, and high distribution costs continue to constrain underwriting outcomes in India, reinforcing the divergence in underlying economics despite similar overall profit pools.

Product mix and 3-year average combined ratio for top 5 private general insurance

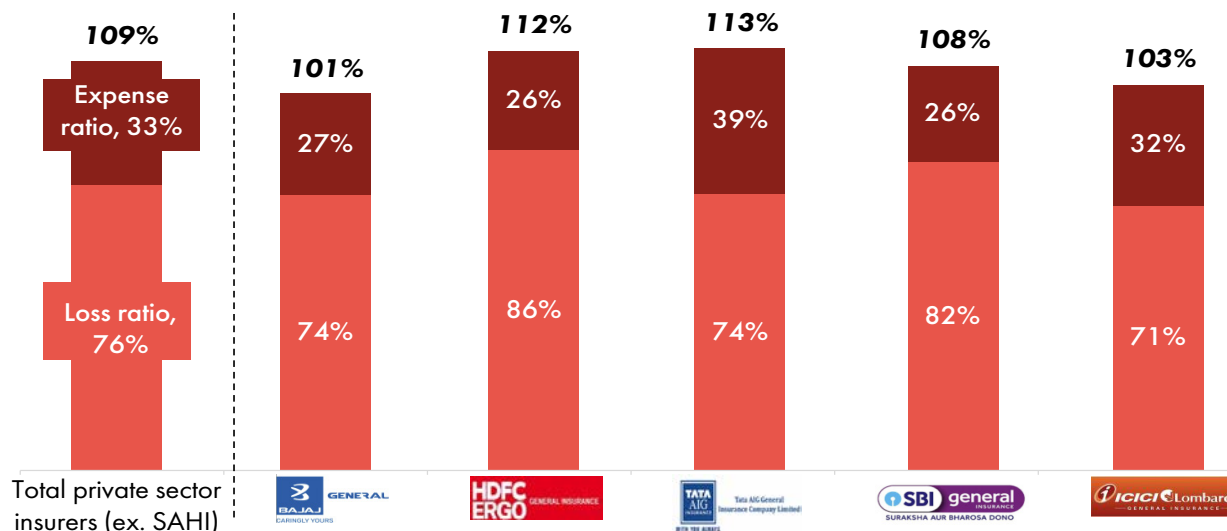
Product mix for top five private general insurers in India

INR Cr (US\$ B), FY25



Three year average combined ratio for top five private general insurers

FY23-25



Because there is nothing new in terms of services in motor insurance, the product has become commoditized, and only the product pricing has relevance now.

**Growth Head, Major Insurance Platform**

At times, there is an arbitrage between renewal premiums of an existing insurer and new premiums of another insurer. This encourages customers to port or switch insurers for price, which erodes long-term profitability.

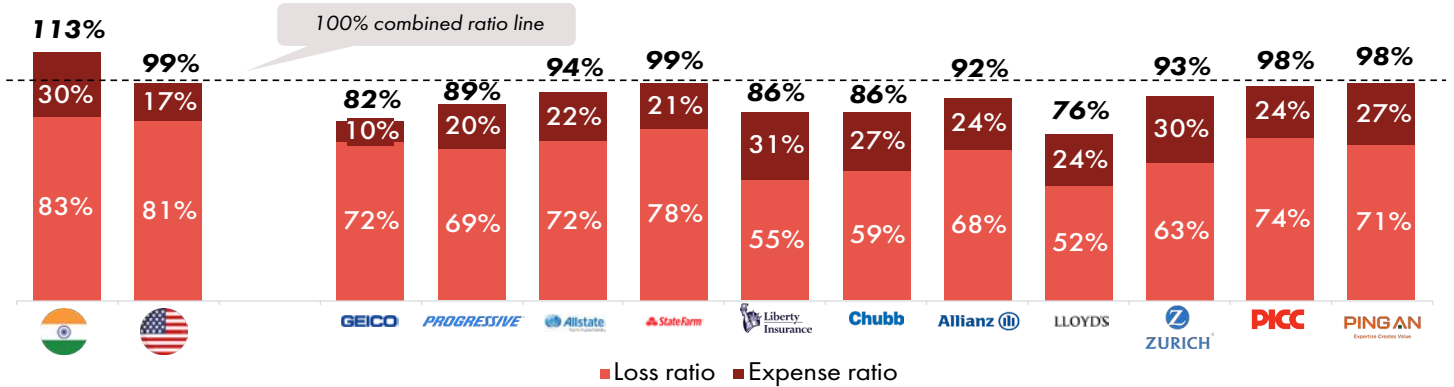
**- CXO, Major Indian SAHI**

Note(s): US\$1 = INR 90; Others includes segments like crop insurance, credit guarantee, liability portfolio, etc.  
Source(s): IRDAI, Company disclosures, Industry participant conversations, Praxis analysis

Exhibit 1.D

Combined ratio for Indian and US non-life insurers, and top insurers in the world

Combined ratio for Indian and US non-life insurers, and top insurers in the world  
CY25\*



Note(s): For the US market, data is for CY2024; \* Data for India is for FY25  
Source(s): GIC, IRDAI, National Association of Insurance Commissioners (NAIC), Praxis analysis

1.3 Indian Insurers have large headroom to catch-up with global peers on return on equity and underwriting profitability

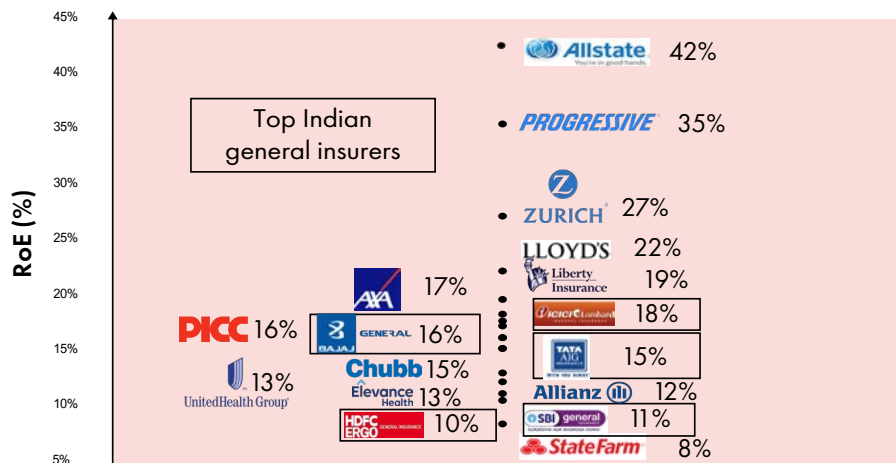
Return on equity (RoE) for Indian private general insurers has remained **stable but capped**, with leading players averaging **below ~14% over the past few years**, reflecting limited improvement despite scale growth. In contrast, top US insurers consistently deliver **RoEs of 30%+**, highlighting materially stronger underlying economics and the ability to translate scale into superior shareholder returns.

This divergence underscores **structural constraints in the Indian market**, where persistent underwriting losses and elevated distribution costs continue to limit return potential. Analysis indicates that **closing the underwriting gap alone could materially expand profitability**, with the potential to significantly uplift RoEs toward global benchmarks, reinforcing the importance of improving core insurance economics to unlock long-term value creation.

Exhibit 1.E

RoE for top private general insurers in India and global players

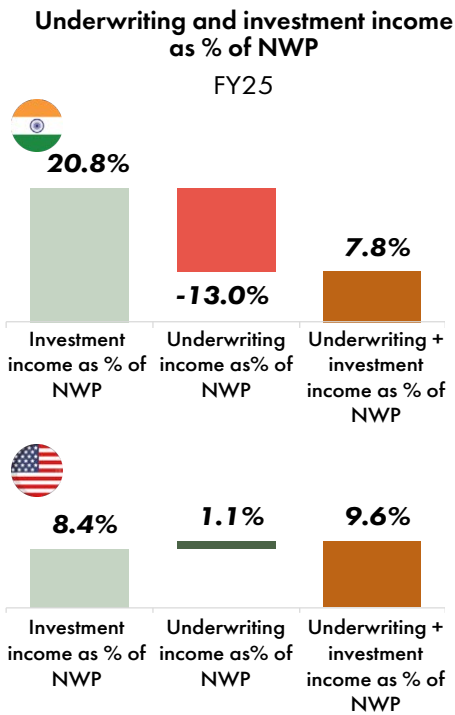
RoE for top private general insurers in India and global players  
CY25\*



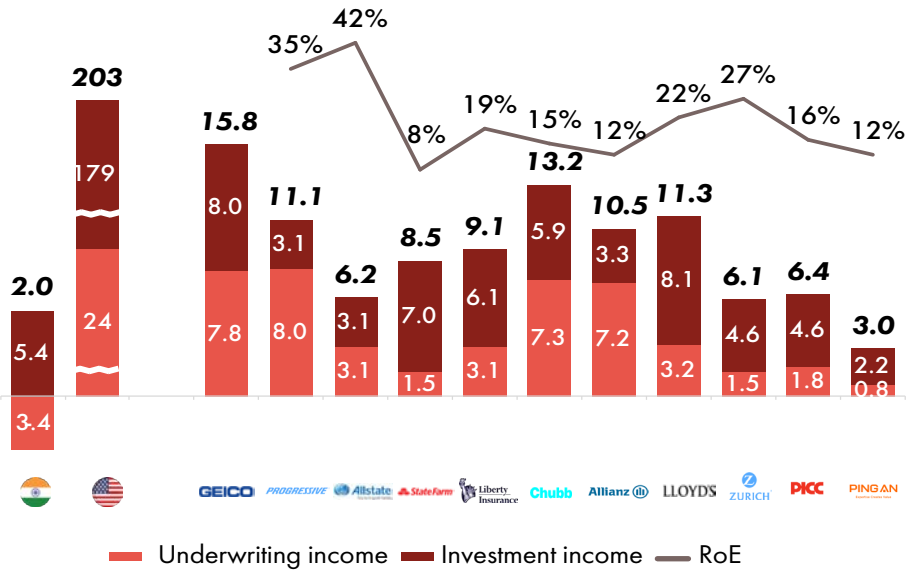
Note(s): RoE values for Indian insurers are for FY25  
Source(s): Company disclosures, Industry participant conversations, IRDAI, GIC, Praxis analysis

Exhibit 1.F

Indian insurers are not generating underwriting profit; overcompensating by generating impressive investment income



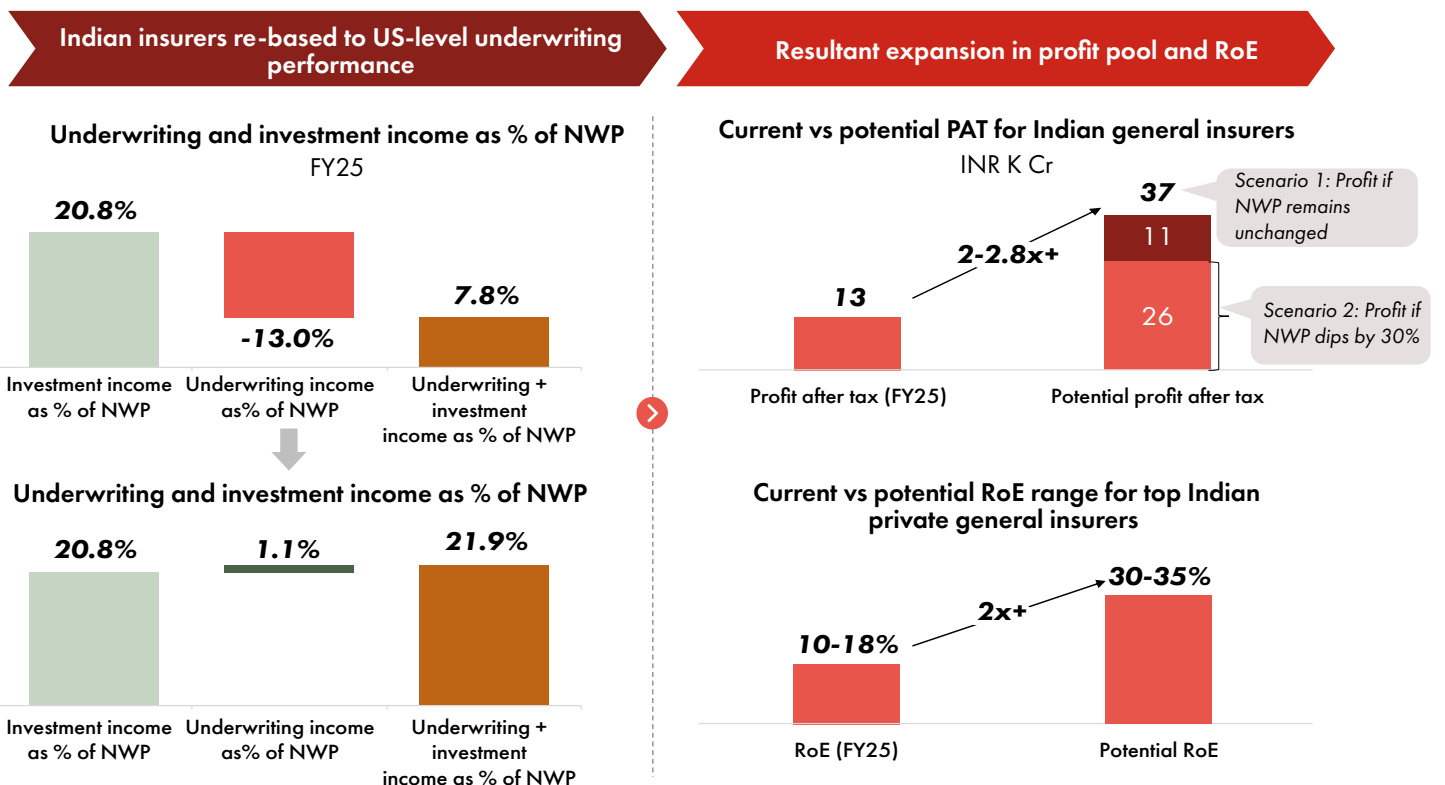
Underwriting and investment income for Indian and US non-life insurers, and top insurers in the world US\$ B, FY25



Note(s): For the US market, data is for CY2024  
 Source(s): GIC, IRDAI, National Association of Insurance Commissioners (NAIC), Praxis analysis

Exhibit 1.G

Achieving US-level underwriting performance could generate 2.8x profit and at least 2x RoE



Source(s): IRDAI, GIC, NAIC, Praxis analysis



# Five key questions to unlock profitability and bring sustainable growth

- 1 Why has **growth** in Indian general insurance not translated into **operating leverage or improved profitability**?
- 2 To what extent does the **intermediary-led** distribution model **constrain profitability** and customer **ownership**?
- 3 Does customer **ownership** and **engagement** unlock **better retention, cross-sell** and **lifetime value** creation?
- 4 How do **regulatory frameworks** shape **expense structures**, growth behavior and underwriting outcomes in Indian general insurance?
- 5 What **lessons** can be drawn from **global insurers** that have achieved **superior underwriting** performance?



**2.1**

# STRUCTURAL DISTRIBUTION ECONOMICS

*General insurance industry economics uplift*

## 2.1.1 General insurance in India is very intermediated

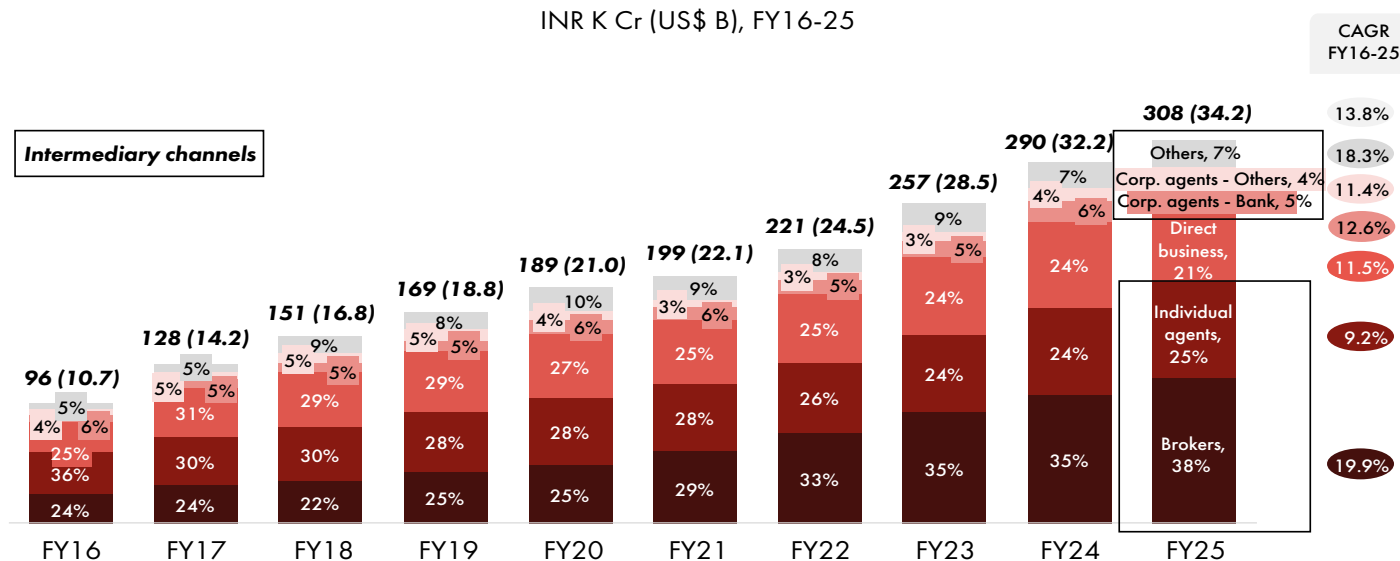
The Indian general insurance market remains **structurally intermediary-led**, with ~80% contribution to the overall topline.

- **Channel mix varies by segment - Commercial and group businesses are broker-driven**, while retail segments, while being anchored by agents, have a more **diversified mix** across agents, banks, brokers and direct channels. **Broker strength in motor is driven by OEM/dealer linkages**, giving them a significant share of new vehicle insurance.
- In health, distribution is **bifurcated**-retail health is largely agent-led, while group health is sourced via brokers and direct institutional relationships.
- Although the Direct channel has a meaningful share, it is largely **non-retail**, with **pure D2C remaining limited**, reinforcing the continued importance of intermediaries in customer access and ownership.

### Exhibit 2.1.A

**General insurance market is highly intermediated, with trend getting stronger**

Channel mix for general insurance market in India  
INR K Cr (US\$ B), FY16-25



Note(s): US\$1 = INR 90, Others includes entities like Micro-insurance Agents, Insurance Marketing Firms, Common Service Centers, etc.  
Source(s): IRDAI, GIC, Praxis analysis

## 2.1.2 Consumers find insurance products complex and depend on agents in the buying and post sales journeys

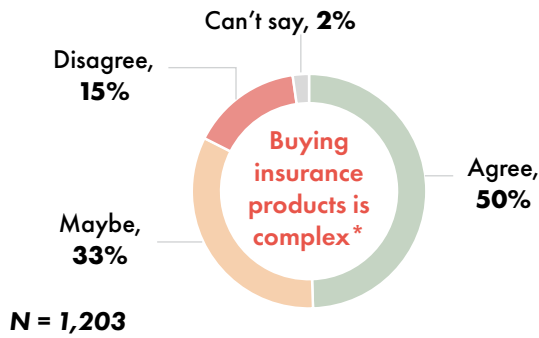
Perceived product complexity remains a key barrier to direct online buying, and consequently an important factor in the dominance of intermediaries. More than 80% of consumers find insurance difficult to understand, with many unable to clearly differentiate between plans. This lack of clarity directly drives reliance on intermediaries, with two-thirds of the customers citing **assistance in policy selection** as a primary reason for choosing agents or advisors.

Beyond simplifying choice, intermediaries play a critical role in **building trust, improving perceived value, and enabling convenience**. In motor insurance, customers often associate intermediaries with **trust and better pricing**, while in health insurance, **service support alongside pricing** becomes a key driver. As a result, intermediaries have not just facilitated transactions but have been central to driving category growth by making insurance more accessible and navigable for customers.

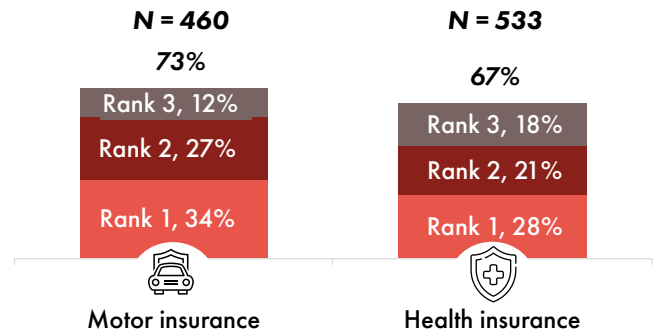
Indian consumers find insurance products complex

83% consumers think buying insurance products is complex

2/3rd of consumers frequently cite 'assistance in policy selection' as top 3 reasons for choosing agents

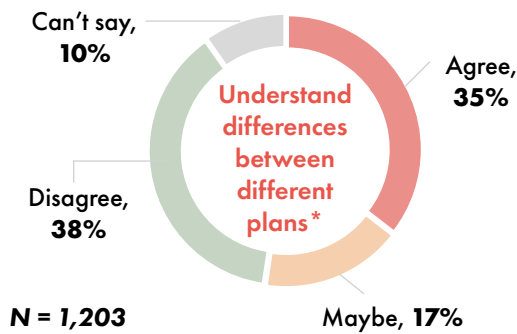


Reasons for choosing agent / advisor: Assistance for choosing policy and insurer\*\*

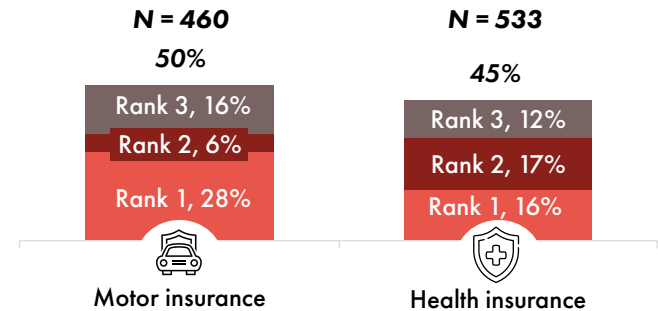


Half of the consumers don't understand difference between plans

Same reflected in reasons for going through agents/advisors



Reasons for choosing agent / advisor: Do not understand insurance products\*\*



Note(s): Survey questions asked: \*Which of the following statements do you agree or disagree with?; \*\*Why did you purchase insurance policy through an agent/advisor instead of purchasing directly from the insurer? [Rank top 3 factors]  
 Source(s): Customer survey (N=1,203), Customer interviews, Praxis analysis

Searching for policies online was a bit hard to make sense of, so I looked up agents instead and connected with someone well-known who recommended a plan.

- Health Insurance Customer, Mumbai

For motor insurance, I don't really get into all the fine print - I just call my agent, ask him what makes sense, and go ahead with that.

- Motor Insurance Customer, Chandigarh

There are so many options out there, it gets a bit confusing - I usually just check with my agent and go with what he suggests.

- Motor Insurance Customer, Pune

With health insurance, there's just too much to take in - waiting periods, exclusions and all - so I usually sit with an advisor and figure it out with them.

- Health Insurance Customer, Mumbai

Exhibit 2.1.C

**Agents / advisors have driven growth in the market by generating trust, creating service and making insurance buying convenient**

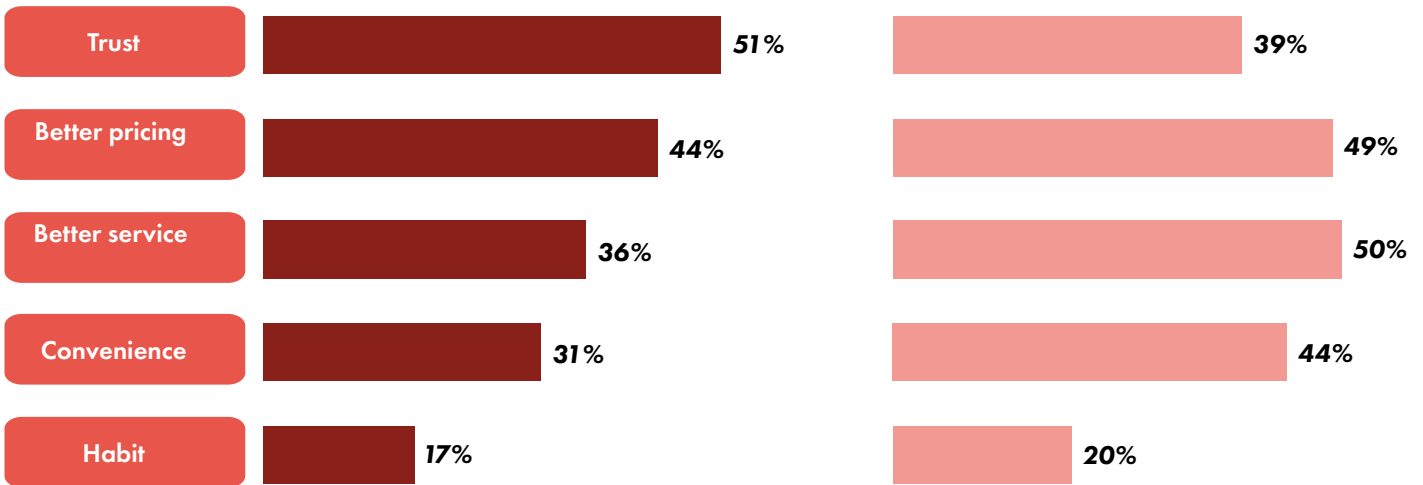
**How intermediaries create value for customers:** Trust and Better Pricing in motor and Better Service and Better Pricing in health insurance are frequently cited reasons why customers buy through intermediary



Motor insurance  
N = 460



Health insurance  
N = 533



Source(s): Customer survey (N=1,203), Customer interviews, Praxis analysis

“ Whenever it’s time to renew my motor insurance, my agent calls me with his recommendations - I don’t really look around much beyond that. ”

- Motor Insurance Customer, Mumbai

“ I’m quite okay with the pricing I get through my agent - it doesn’t really increase much year to year, and sometimes it even comes down a bit. ”

- Motor Insurance Customer, Ahmedabad

“ I prefer buying health insurance through an agent - at least I know I’ll have someone to reach out to if I need to make a claim. ”

- Health Insurance Customer, Delhi

“ I find it easier to go through an agent for health insurance - things just get handled without too much back and forth. ”

- Health Insurance Customer, Chandigarh

“ For motor insurance, I’ve always gone through my agent - it’s kind of become a routine now. ”

- Motor Insurance Customer, Mumbai

## 2.1.3 Gaps exist in the agent driven experience

While agents play an important role in building trust and enabling convenience, **service delivery remains inconsistent**, with only a limited proportion of customers reporting that their expectations are fully met. This highlights a clear gap between perceived value and actual experience.

The key gaps are concentrated in **purchase experience and policy explanation**. In motor insurance, customers struggle with **ease of purchase and understanding coverage**, while in health insurance, policy clarity and purchase experience remain the primary pain points. **Claims support** also remains a weak area, with limited guidance during the process.

### Exhibit 2.1.D

#### Disintermediation and Direct selling is possible as gaps exist in the agent driven experience

Which of your expectations has the agent not been able to meet in insurance? [Select all that are applicable]

Easy purchase experience and correct explanation of policy details are top gaps for motor insurance

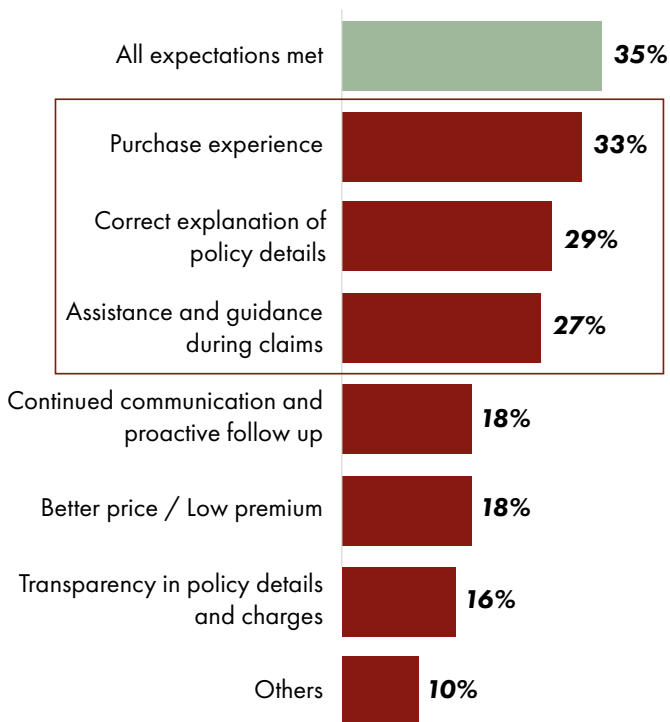
Correct explanation of policy details and purchase experience remain the top pain points in health insurance



Motor insurance

Responses among customers

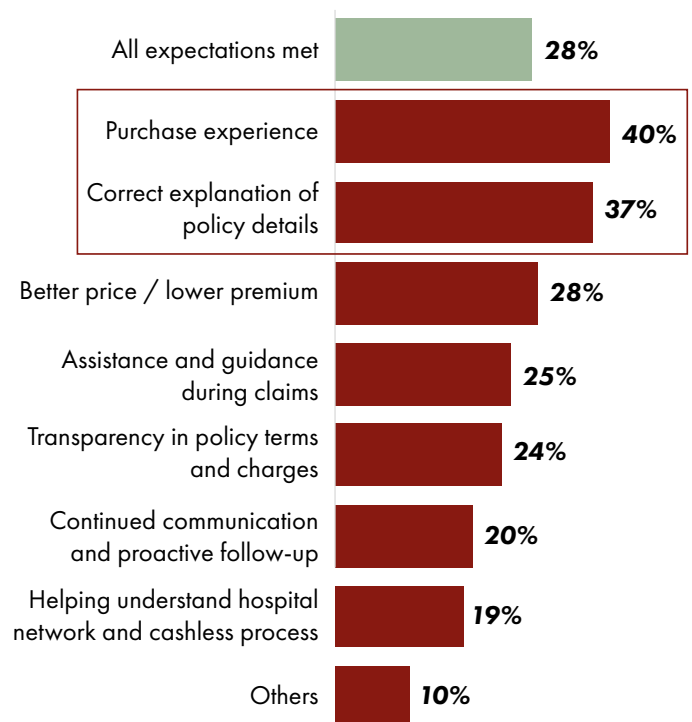
#, N = 456



Health insurance

Responses among customers

#, N = 469



Note(s): \*Total N reduced from 1,203 as ~42% customers were satisfied with purchase experience

Source(s): Customer survey (N=1,203), Customer interviews, Praxis analysis

*We tried contacting the intermediary at the time of the claim, but they asked us to handle it on our own.*

**- Motor Insurance Customer, Delhi**

*The agent was very nice and explained everything patiently, but honestly, a lot of it was hard to fully understand - so we just went with what he suggested.*

**- Health Insurance Customer, Mumbai**

## 2.1.4 Direct D2C approach has potential to solve key customer gaps

Indian consumers show a clear **willingness to shift to direct channels** when core value gaps are addressed. In motor insurance, **better service and clearer product explanation** are key triggers for direct adoption, while in health insurance, **better service and transparent pricing** emerge as the primary drivers. This indicates that movement to direct is not constrained by intent, but by the **ability of insurers to deliver superior customer experience and clarity**.

Global insurers demonstrate that this shift is achievable at scale. Players like Progressive and Allstate have successfully expanded direct channels by **strengthening customer ownership, improving experience, and building trust through consistent engagement**, translating into stronger underwriting outcomes.

### Exhibit 2.1.E

#### Service and transparency will drive Indian consumers to come to insurers directly

##### Better service and explanation of product makes motor insurance customer buy directly from insurer

Which of the following would make you buy directly from an insurer instead of through an agent / advisor? [Select upto 3 factors]



Motor insurance

##### Reasons for switching to direct insurer purchase

#, N = 460

##### Better service and transparent pricing makes health insurance customer buy directly from insurer

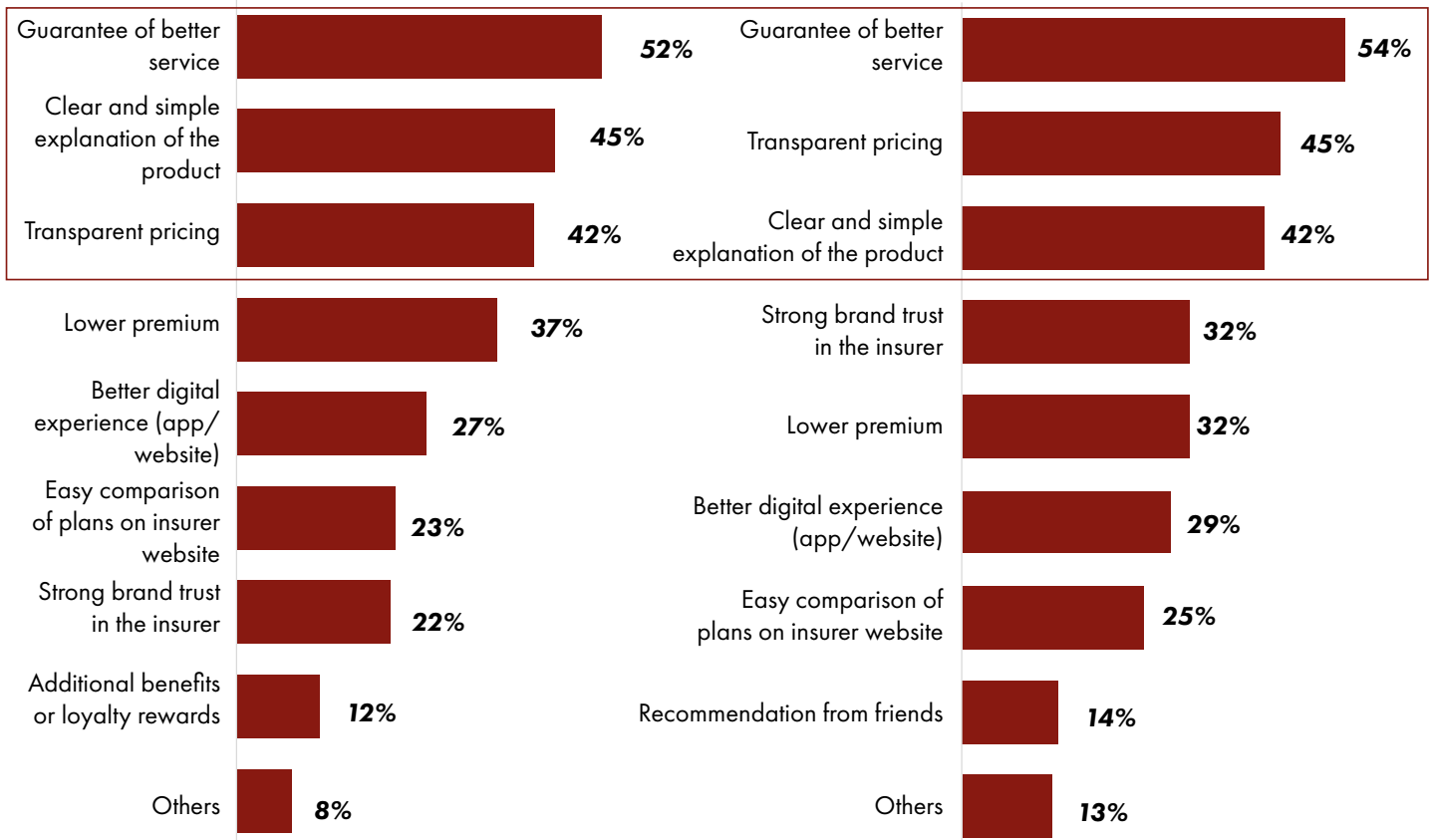
Which of the following would make you buy directly from an insurer instead of through an agent / advisor? [Select upto 3 factors]



Health insurance

##### Reasons for switching to direct insurer purchase

#, N = 533



Note(s): \*Total N reduced from 1,203 as ~18% are non-intermediary customers  
Source(s): Customer survey (N=1,203), Customer interviews, Praxis analysis

“ Last time my claim took too long through the agent. If the insurer can ensure faster, hassle-free settlement, I would rather buy directly next time. ”

- Motor insurance customer, Jaipur

“ I don't want to depend on advisor to understand the costs. If the pricing is clearly shown upfront, I would prefer buying directly from the insurer. ”

- Health insurance customer, Bangalore

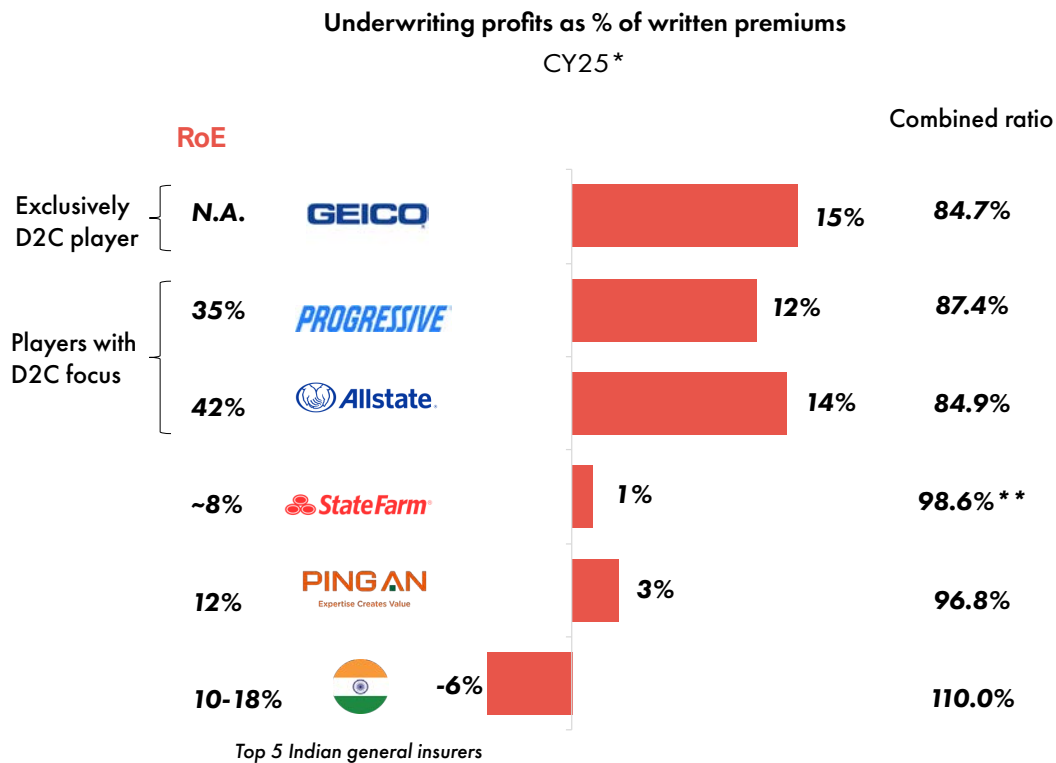
## 2.1.5 Major global insurers with D2C-dominant models demonstrate stronger underwriting performance

Global evidence underscores the link between **distribution model and underwriting outcomes**. Indian insurers continue to operate at **combined ratios above 100%**, whereas developed markets sustain **profitable underwriting**, with investment income as a supplement - not a support.

Within global markets, **intermediary-led models** deliver moderate underwriting performance due to higher distribution costs. In contrast, **D2C-dominant insurers** achieve **superior underwriting outcomes**, driven by **lower acquisition costs, stronger pricing discipline, and greater customer ownership**.

### Exhibit 2.1.F

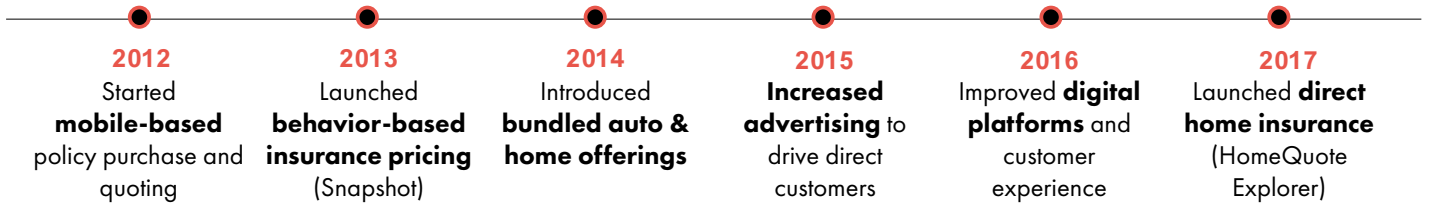
#### Global insurers with D2C model like GEICO, Progressive, Allstate demonstrate stronger underwriting performance



Note(s): \*Data for Top 5 Indian General insurers if for FY25, \*\*Approximated from available numbers  
Source(s): Company annual reports, News articles, Praxis analysis

Exhibit 2.1.G

Direct scale achieved by Progressive and Allstate through sustained digital, pricing and distribution transformation



Scaled targeted marketing investments



Increased **advertising spends to drive customer acquisition in the direct channel, with sustained investments over time** (2015 onwards; scaled further in 2017 and 2019)



Expanded **targeted marketing across key customer segments, improving relevance and effectiveness of direct offerings** (2017 onwards)

Seamless digital purchase experience



Enabled customers to **quote and purchase policies through mobile devices**, establishing direct as a viable purchase channel (2012 onwards)



Introduced and enhanced **digital features and self-service capabilities, reducing friction in quoting, purchase and servicing journeys** (2012 onwards; strengthened in 2018)

Data-driven pricing differentiation



Expanded **Snapshot (usage-based insurance) and incorporated driving behavior into pricing, enabling differentiated direct offerings** (2012–2013; scaled thereafter)



Continuously refined **underwriting and pricing models to improve accuracy and competitiveness in the direct channel** (2013 onwards)

Integrated multi-product offerings

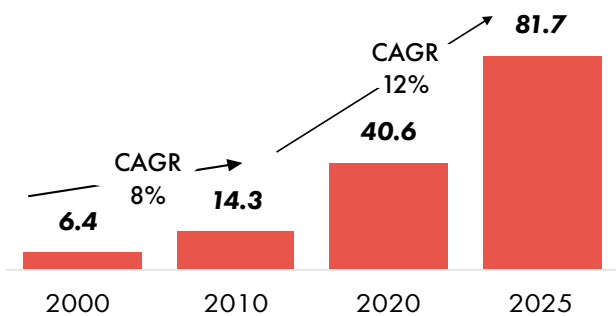


Positioned **bundled auto-home offerings as a core product construct**, enabling customers to meet multiple insurance needs **within a single journey** (2014 onwards)

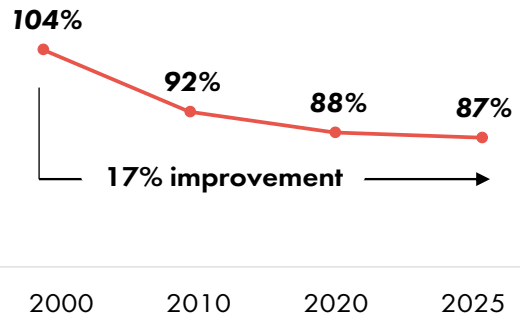


Integrated **home insurance into direct quoting and purchase flow, and targeted multi-product customers**, expanding use cases of the direct channel (2017 onwards; scaled in 2020)

Gross written premium  
US\$ B, CY00-25



Combined ratio  
%, CY00-25



Share of policies\* acquired through direct channel: 2010 (31%), 2020 (54%), 2025 (59%)

Note(s): \*Progressive share of direct channel is for new business policies issued  
Source(s): Company public disclosures, Secondary research, Praxis Analysis

### Channel integration to enable direct access

- Enabled customer access across **agency, online and contact center channels**, with ability to move seamlessly between them (2019)
- Integrated **Esurance into Allstate (2020)**, consolidating direct capabilities within a single brand
- Concentrated customer acquisition and marketing on one platform, improving **scale and efficiency of direct channel growth**

### Direct channel pricing and product competitiveness

- Introduced **direct channel pricing (2020)** to align pricing with channel-specific cost structures
- Implemented **rate adjustments in auto portfolio (2020-21)** to improve competitiveness in direct channel to strengthen ability to **compete with digital-first insurers**

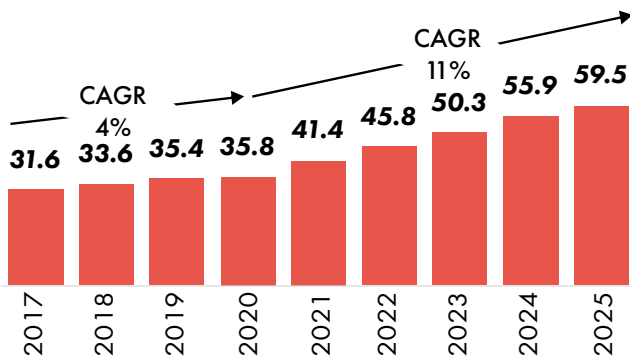
### Marketing reallocation towards direct acquisition

- Increased **investment in Allstate brand marketing** by relocating **Esurance marketing spend to Allstate brand (2019 onwards)**
- Strengthened targeting and measurement to drive **higher share of acquisition through owned (direct) channels**

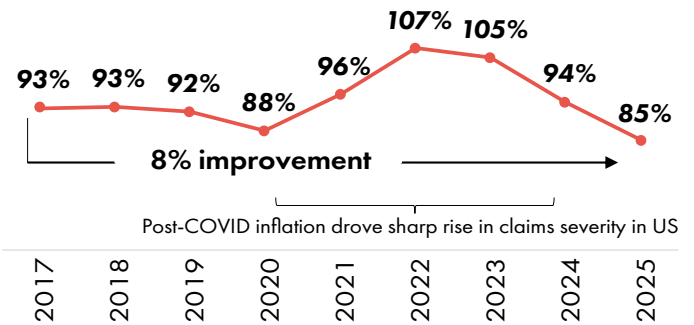
### Digital and operating model transformation

- Launched **Allstate mobile app (2020)**, driving ~40% increase in monthly active users
- Deployed **customer experience platform and modern architecture (2020 onwards)** to support digital journeys
- Executed **Transformative Growth Plan (2019)**, including changes to commissions and operating structure

Gross written premium  
US\$ M, CY17-25



Combined ratio  
%, CY17-25



Share of policies\* acquired through direct channel

2017	23%	2018	24%	2019	31%	2020	35%	2021	28%	2022	34%	2023	32%
------	-----	------	-----	------	-----	------	-----	------	-----	------	-----	------	-----

Note(s): \*Allstate share of direct channel is for new business policies issued  
Source(s): Company public disclosures, Secondary research, Praxis Analysis



2.2

# GROWTH VS PROFITABILITY TRADE-OFF

*General insurance industry economics uplift*

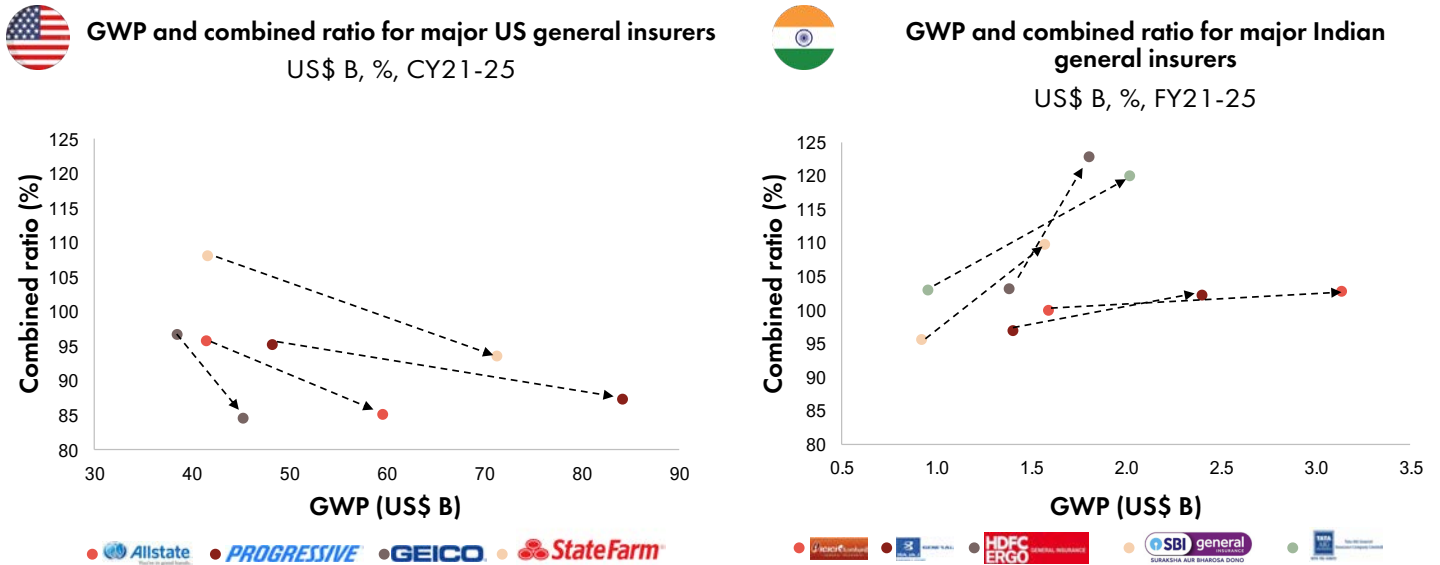
## 2.2.1 Scale has not led to better economics in Indian general insurance

In global markets, scale typically drives **better underwriting outcomes and cost efficiency**. Leading US insurers have shown **declining combined ratios alongside premium growth**, reflecting stronger pricing discipline and the ability to spread fixed costs.

In contrast, Indian insurers have seen **combined ratios increase as premiums grow**, indicating that scale is accompanied by **higher commissions and persistently weak underwriting performance**, rather than efficiency gains. As a result, growth has not translated into improved profitability.

### Exhibit 2.2.A

#### Scale improves combined ratios in the US, but worsens them in India



Note(s): US\$1 = INR 90  
Source(s): Company annual reports, Public disclosures, IRDAI, Praxis analysis



## 2.2.2 Distribution owns the customer in India, not the insurer

A significant share of customers – **40–50%** – continue to purchase multiple financial products through the same agent, indicating that the **primary relationship is anchored with the intermediary** rather than the insurer. As a result, **customer retention is not controlled by insurers**, with agents influencing renewal decisions and product choices.

This dynamic extends beyond insurance, with intermediaries also driving **cross-sell across financial products**, further strengthening their hold on the customer. Consequently, insurers remain **disintermediated from the end customer**, limiting their ability to build direct engagement, improve retention, or expand lifetime value.

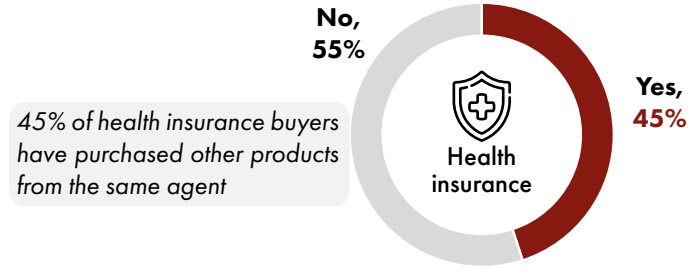
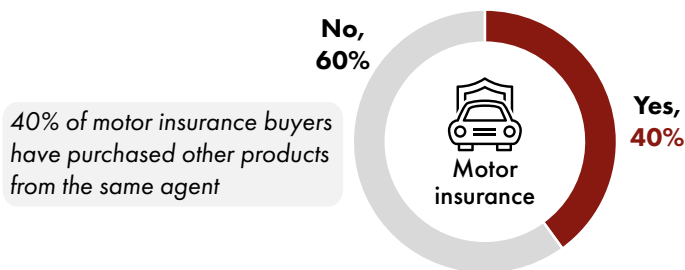
### Exhibit 2.2.B

#### Agent / advisors are able to upsell and cross-sell to their general insurance customers

Apart from your motor / health insurance, do you buy other products through the same agent / advisor?

Apart from your motor insurance, do you buy other products through the same agent / advisor?

Apart from your health insurance, do you buy other products through the same agent / advisor?



Source(s): Customer survey (N=1,203), Praxis analysis

## 2.2.3 Indian insurance customers end up churning insurers frequently

Indian insurers experience **high annual churn**, with motor insurance seeing **~50-55% churn (35-45% in retail)** and health insurance witnessing **>25% churn in the initial years**. However, this churn does not reflect customer exit from the category - rather, customers are **continuously migrating across insurers**.

As a result, a meaningful share of "new" business is **not truly new to insurance**, but acquired from competitors, leading to **reacquisition-led growth**. In contrast, **D2C models demonstrate stronger retention**, with **~60% renewal rates** in motor and **>90% in health**, highlighting the benefits of **direct customer ownership and engagement**.

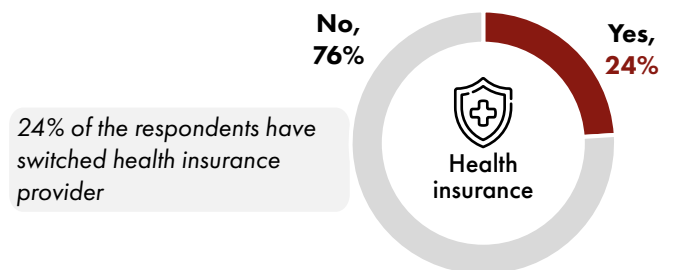
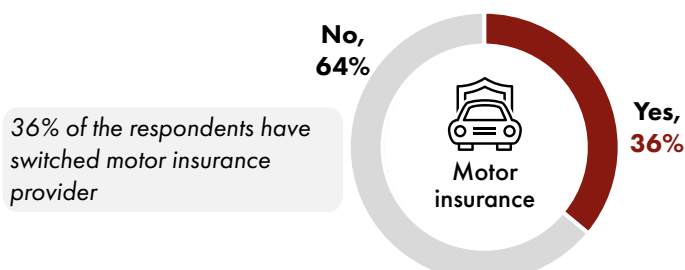
### Exhibit 2.2.C

#### Motor and health insurance buyers frequently change their insurance provider

Have you switched motor / health insurance providers at renewal last time?

Have you switched motor insurance providers at renewal last time?

Have you switched Health insurance providers at renewal last time?



Source(s): Industry participant conversation, Customer survey (N=1,203), Praxis analysis

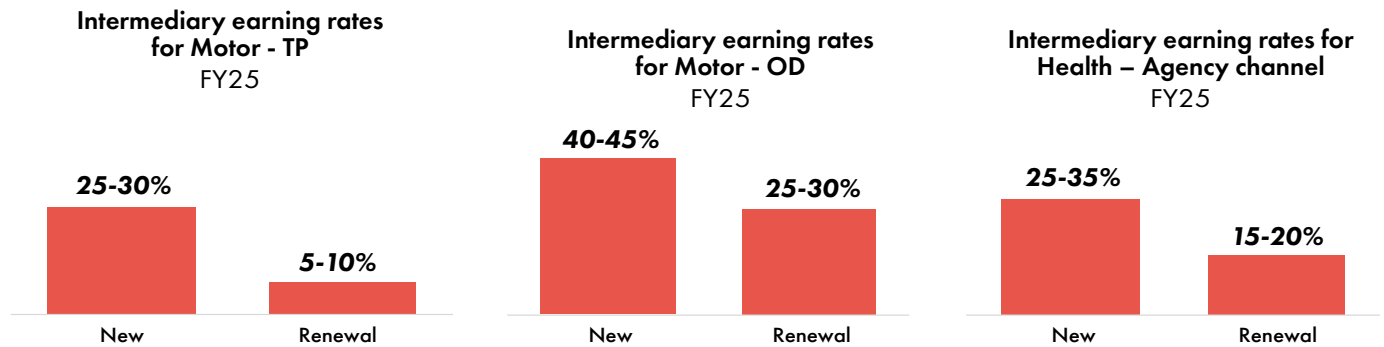
## 2.2.4 This leads to reset in customer economics each year

In an intermediary-led model, there is a ~15–20% differential between commissions for new and renewal business, but renewal economics continue to remain **cost-heavy**, with insurers incurring fresh commissions and acquisition-like expenses. As a result, **each renewal behaves similar to a new acquisition**, limiting the ability to benefit from prior customer acquisition.

This prevents the accumulation of **customer lifetime value at the insurer level**, with limited carry-forward of economic gains across policy cycles. In contrast, while **D2C acquisition costs may be higher upfront**, the **near-zero cost of renewals** enables significantly stronger lifetime economics and value compounding over time.

### Exhibit 2.2.D

**The earning structure creates a structural incentive for intermediaries to prioritize new policy acquisition over policy renewals, even when the underlying customer risk profile remains unchanged**



Source(s): Industry participant conversation, Praxis analysis

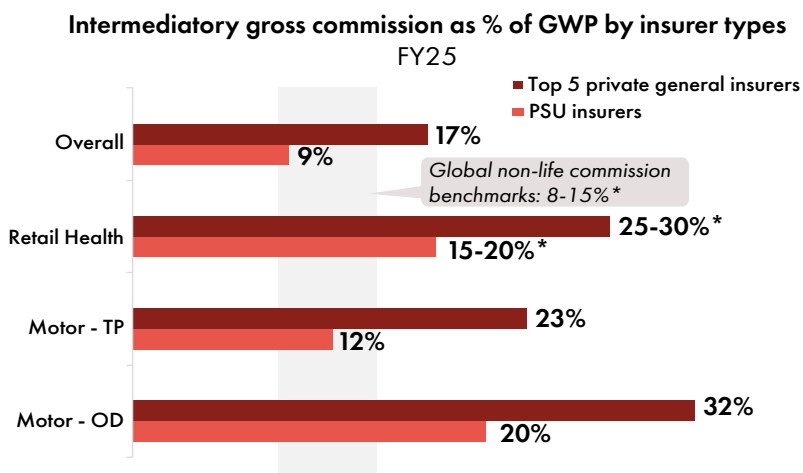
## 2.2.5 Fight for share of wallet in intermediaries translates into sustained high commission payouts, structurally elevating expense ratios

Intense competition to secure **intermediary mindshare and wallet share** keeps commission payouts structurally high, resulting in **persistently elevated expense ratios** across the industry.

Within this, **PSU insurers** typically operate with **lower commission intensity**, driven by a higher mix of **government schemes and group business** with relatively lower distribution costs. In contrast, **private insurers** face **higher commission outflows across key retail segments**, reflecting greater reliance on intermediaries for growth. **Standalone health insurers (SAHI)** also exhibit **high commission intensity**, as continued dependence on intermediaries persists despite product specialization, further reinforcing structurally higher cost bases.

### Exhibit 2.2.E

**Competition for intermediary share sustains elevated commission structures**



Note(s): \*Based on Industry participant conversations

Source(s): IRDAI, Company public disclosures, Industry participant conversations, Praxis analysis

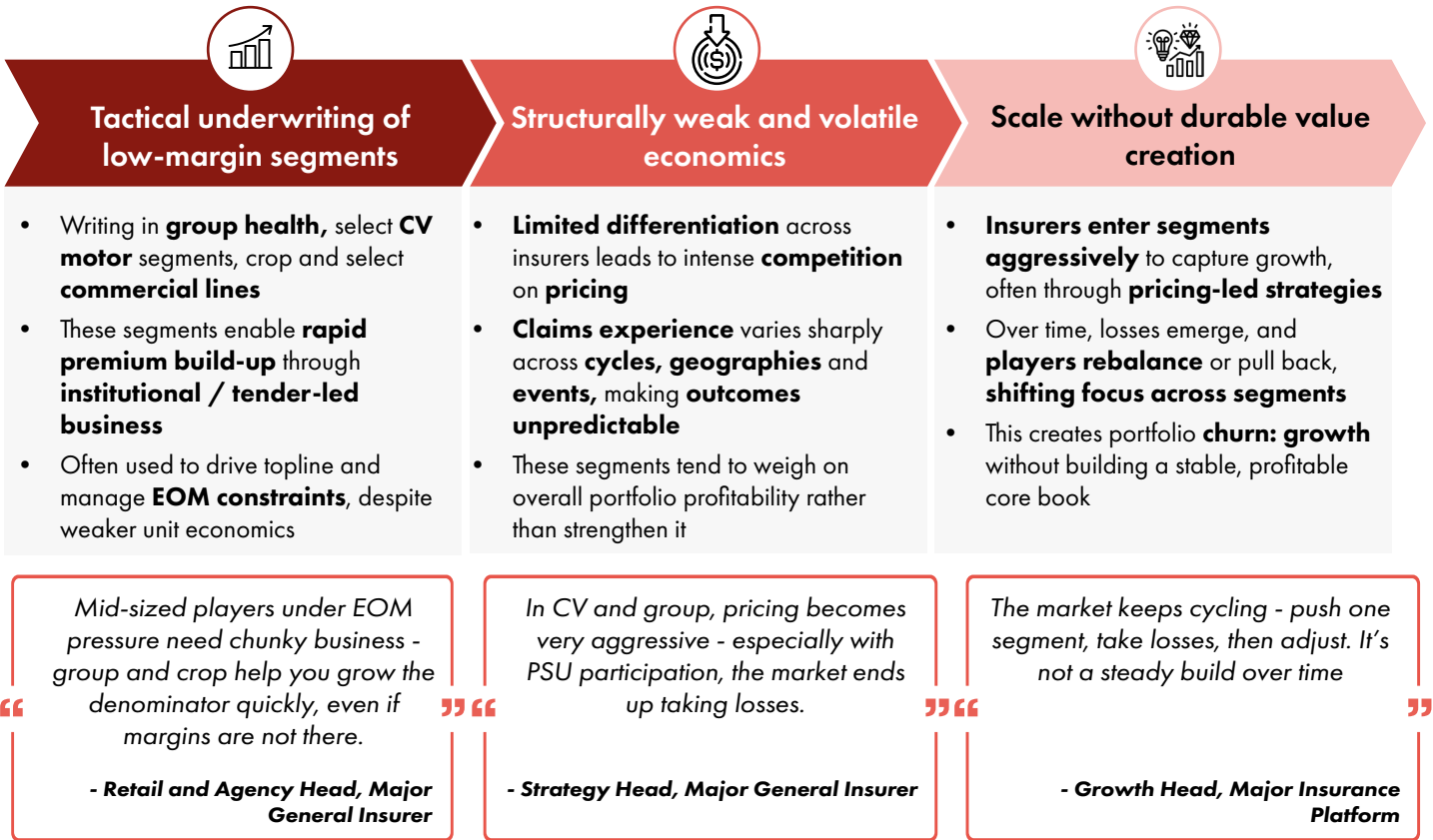
“With the removal of commission caps, competitive pressure has intensified. This is one of the reasons why combined ratios remain high in the industry.”

- Compliance Head, Major Indian Insurer

“New entrants often have “a lot of capital to burn,” and for them, “profitability is not the challenge... everybody is trying and running after market share,” leading to aggressive commission payouts to build a book.”

- CFO, Major General Insurer

**2.2.6** This also creates pressure to underwrite low-return segments to drive growth resulting in scale without durable value creation

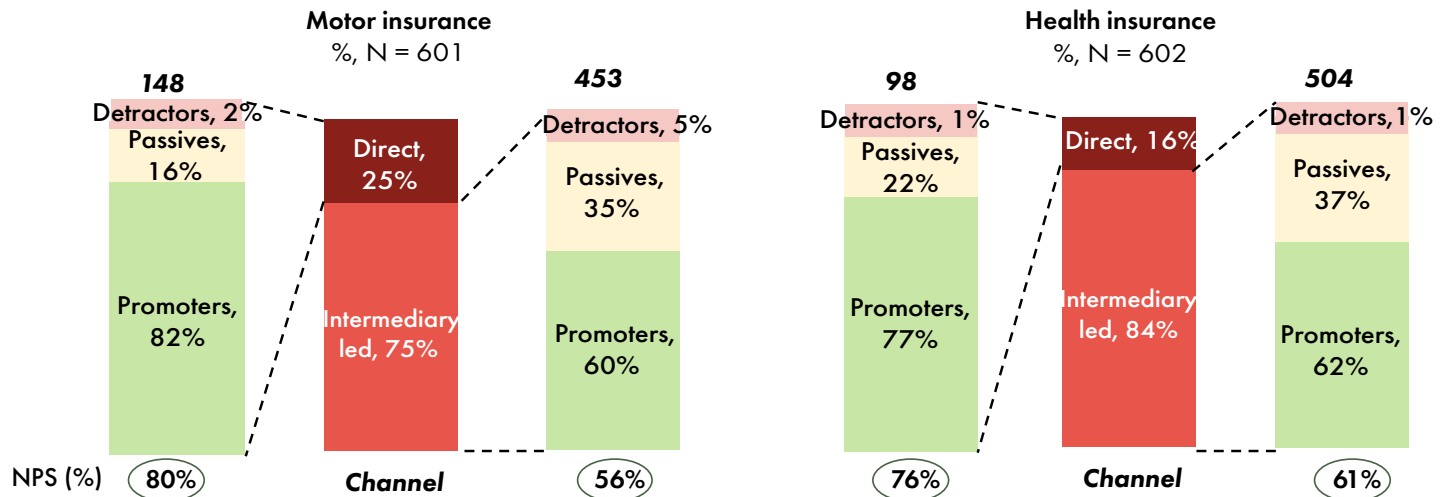


**2.2.7** Should insurers engage with customers more effectively to enable lower cost distribution and life cycle ownership?

**D2C customer relationships are delivering higher insurer NPS → Scaling direct channels could help turn the tide in insurer's favor**

**Exhibit 2.2.F**

**Direct motor customers report higher NPS (80%) vs intermediary led (56%). Similarly, direct health customers report higher NPS (76%) vs intermediary led (61%)**



Source(s): Industry participant conversations, Praxis analysis

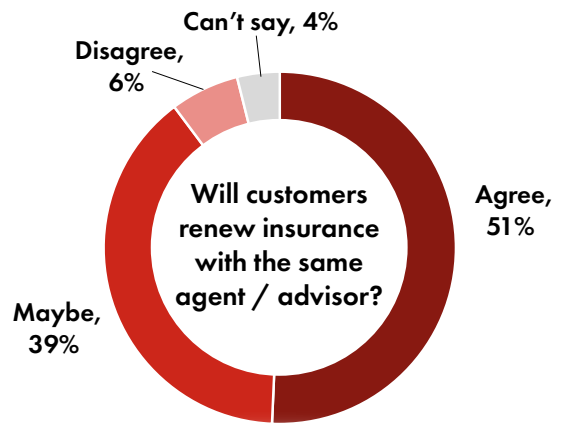


**2.3**

## **BRAND PULL AS AN ECONOMIC ASSET**

*General insurance industry economics uplift*

# Who owns The Indian Insurance customer?



India's general insurance market is **intermediary-led**, with high commissions and **limited customer ownership**. Growth is increasingly **re-acquisition-driven**, with high churn and fragmented engagement limiting operating leverage. In such a model, distribution journeys often **prioritize price over brand**, weakening the insurer's role in customer decisions.

**This makes it critical to examine the role of brand** - how customers view, recall and engage with insurers today, and what more can be done to enable stronger brand ownership, increased retention, pricing power and better long-term economics.

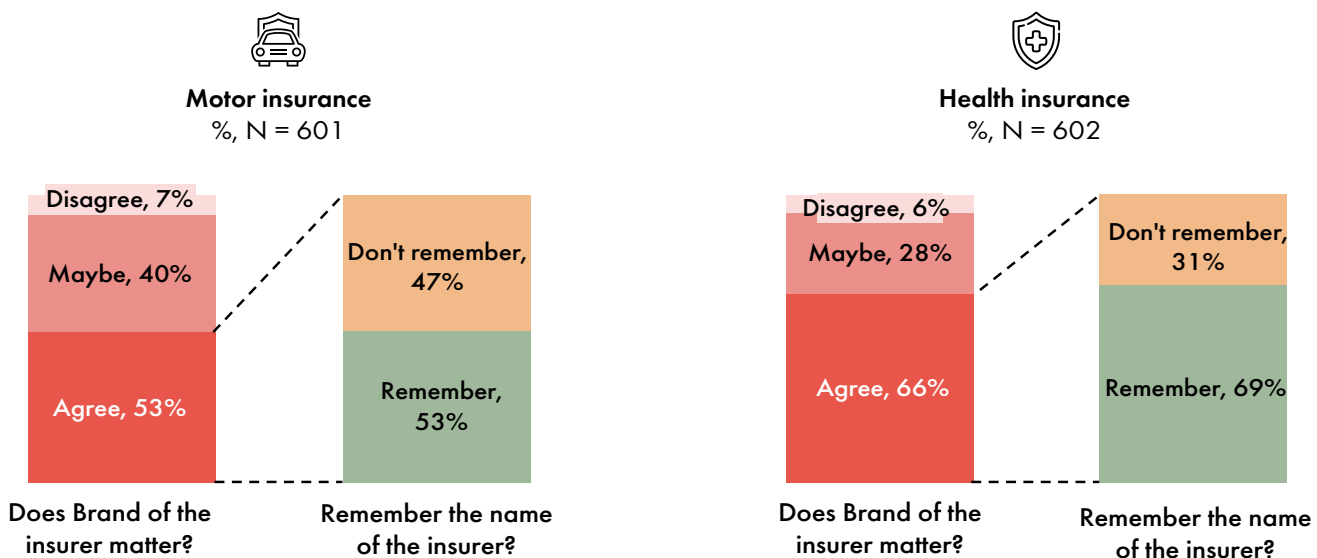
## 2.3.1 Insurer brand recall remains weak even though customers say it matters to them

Brand plays a role in decision-making for nearly **half of the motor insurance customers**, but even within this group, **nearly half are unable to recall the insurer brand**. In health insurance, while brand relevance is relatively higher at **~two-thirds of customers**, **recall gaps persist**, with over **30%** of customers in this group still **unable to remember** the insurer brand.

In **intermediary-led journeys**, the insurer brand often **remains in the background**, with customer focus shifting to **claims support, product features and coverage details** rather than brand. This indicates that brand has not yet evolved into a strong **decision driver** or **memory anchor**.

Exhibit 2.3.A

**Only 28% of motor insurance customers remember their insurer name; only 45% of health insurance customers remember their insurer name**



“ There are too many options, so I rely on the advisor. I don't always remember which insurer I chose. ”  
**- Motor insurance customer, Jaipur**

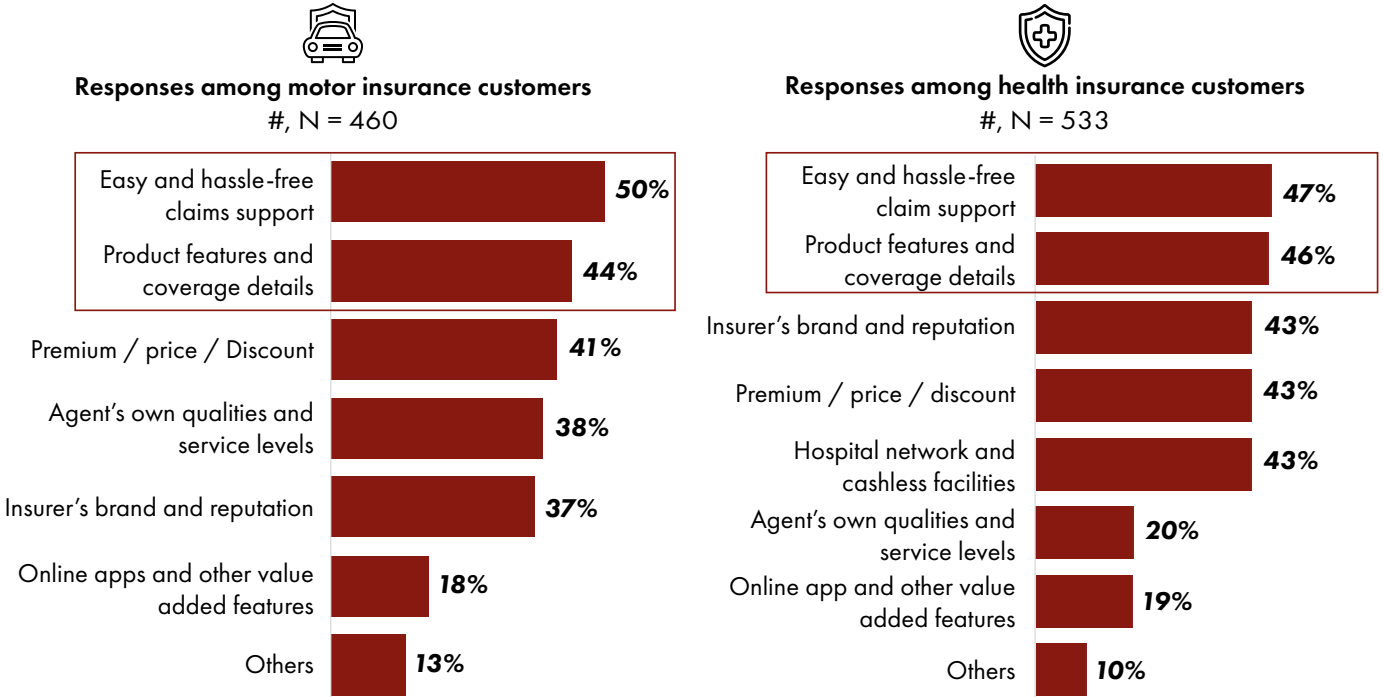
“ The advisor handles everything, so I don't pay much attention to the insurer's brand. I just go with what is recommended. ”  
**- Health insurance customer, Bangalore**

Source(s): Customer interviews, Customer survey (N = 1,203), Praxis analysis

Exhibit 2.3.B

**In intermediary-led journeys, insurer brand remains in the background**

While recommending the insurance products, what did your agent focus on the most? [Select up to 3 choices]



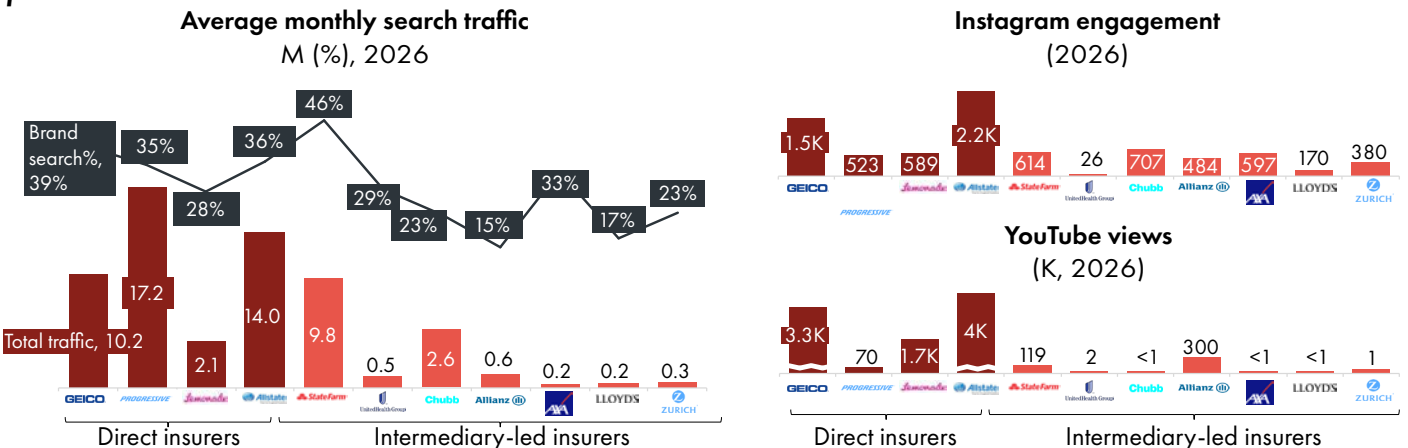
Note(s): \*Total N reduced from 1,203 as ~18% are non-intermediary customers  
 Source(s): Customer survey (N=1,203), Praxis analysis

**2.3.2 Globally, direct-focused insurers have built strong consumer brands (superior digital engagement and demand signals)**

Direct insurers exhibit **higher branded search share**, indicating stronger **top-of-mind recall and customer-initiated demand**, rather than reliance on intermediary push. This reflects their ability to **own customer intent** and drive discovery directly. They also maintain **consistent engagement across digital platforms**, signalling **deeper and ongoing customer relationships**. In contrast, intermediary-led peers tend to show **lower or campaign-driven engagement spikes**, limiting sustained interaction and long-term brand connection.

Exhibit 2.3.C

**Direct-focused insurers demonstrate stronger brand recall and Consistent content engagement across platforms**



Note(s): Instagram engagement: Average likes, comments and reshares of last 10 posts as of 9<sup>th</sup> April 2026, YouTube views: Average views of last 10 videos as of 9<sup>th</sup> April 2026  
 Source(s): SEMRush, Instagram, YouTube, Google Play Store

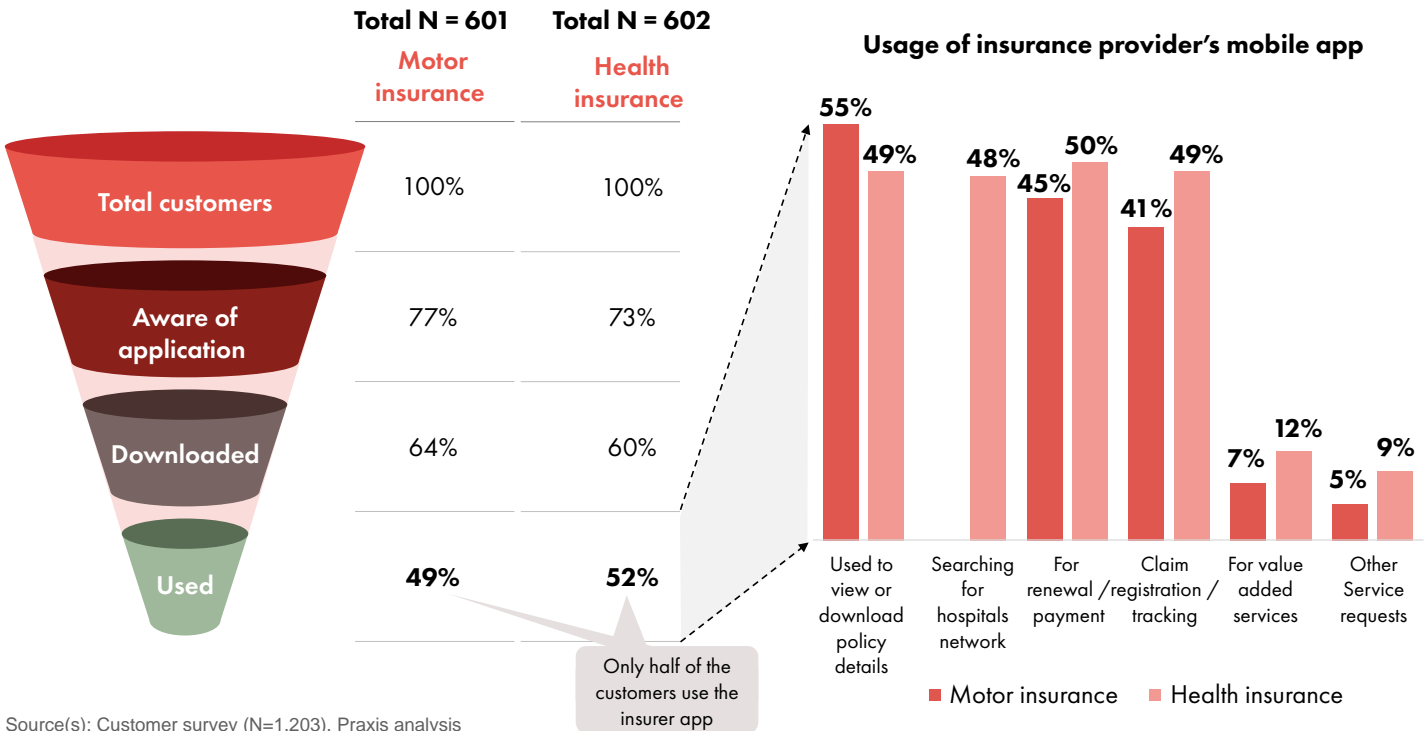
### 2.3.3 In India, consumers have the insurer app but usage is limited

While many customers have access to insurer apps, **only around half actively use them**, indicating limited penetration as a primary engagement channel. Even among users, **depth of engagement is low**, with most customers interacting only for **basic or infrequent use cases**.

This suggests that insurer apps have not yet evolved into **high-frequency engagement platforms**, limiting their ability to drive sustained interaction, cross-sell, or customer ownership.

#### Exhibit 2.3.D

#### Digital touchpoints exist, but engagement remains shallow



### 2.3.4 Building a strong direct engagement ecosystem can address key pain points and improve customer outcomes

	Customer pain points	What customers want?
<p><b>Engagement beyond renewals</b></p>	Customers receive calls or messages from the insurer only during renewals. <b>60% of the customers</b> are of opinion that insurer should conduct <b>engagement activities</b>	Customers want company to <b>call and explain benefits</b> about policies, <b>reminder for health check-ups</b> , conduct <b>health webinars through mobile application / website</b>
<p><b>Simplified one pager of policy wordings</b></p>	Customers have difficulty to understand <b>complex policy wording</b> and do not know what expenses are covered under their policy	<b>30% of customers</b> expressed desire for <b>simplified one pager</b> of policy wording stating info of <b>expenses coverage</b> which can be accessible through app
<p><b>Claims assurance</b></p>	<b>More than 50%</b> of customers who took claim <b>did not receive 100% of the amount raised for claim</b>	Customers want assurance from health insurer to <b>provide 100% of amount</b> that is being claimed and should be traceable through website / mobile application
<p><b>Transparent claim settlement process</b></p>	<b>40% of customers</b> who went through the claim process reported <b>long turnaround time</b> and <b>lack of transparency during claim settlement</b>	<b>Customers expect a transparent claim settlement process</b> with <b>real-time status updates</b> on verification and approval <b>available on digital platforms</b>

Motor insurance policy wording is too long and technical. I just want a simple one page summary showing what is covered, what is not covered, and how the claim works.

- Motor insurance customer, Lucknow

The company only contacts us during renewals. I'm paying a high premium and would like to know more about the benefits of my policy. The company should also organize health activities for its customers.

-Health insurance customer, Mumbai

I don't mind paying a little more for my motor insurance, but I need 100% confidence that my claim won't be denied when I actually need it.

- Motor insurance customer, Delhi

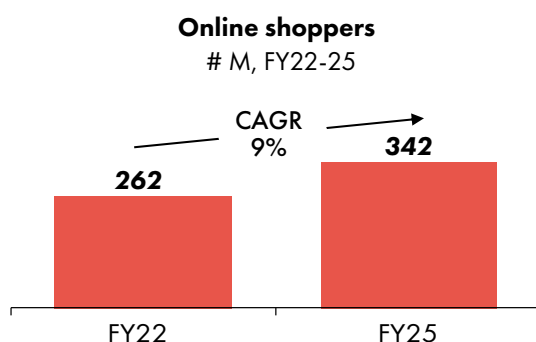
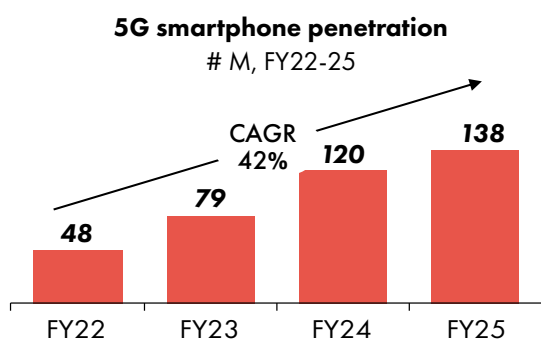
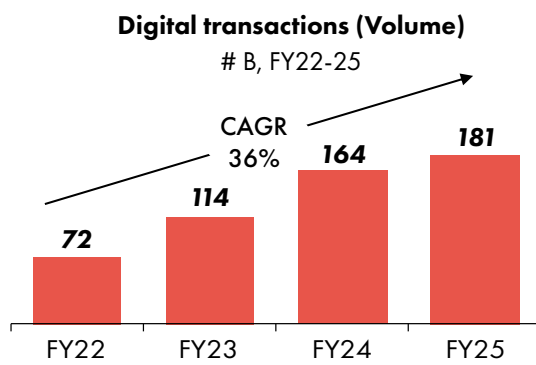
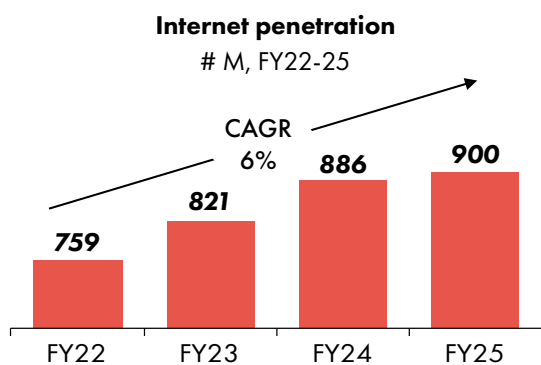
### 2.3.5 Rising digital adoption by the Indian consumers provides tailwinds for a larger D2C play in insurance

Increasing consumer comfort with **end-to-end digital journeys** is enabling a shift toward direct models, unlocking structural advantages across the value chain. Direct sourcing supports **better risk selection and disclosure**, contributing to improved claims outcomes.

While acquisition costs may be higher upfront, the **absence of renewal commissions and low-cost digital servicing** lead to superior economics over time. Additionally, **direct customer ownership and seamless engagement** drive higher renewal rates, enabling stronger retention and long-term value creation.

Exhibit 2.3.E

#### Macro tailwinds for D2C insurance



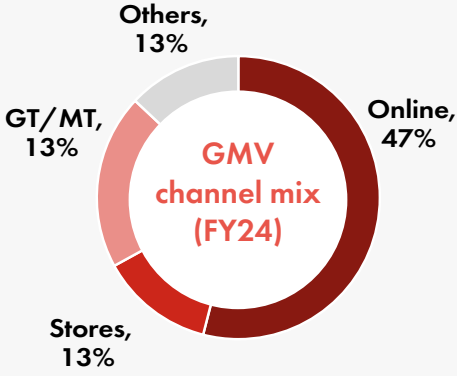
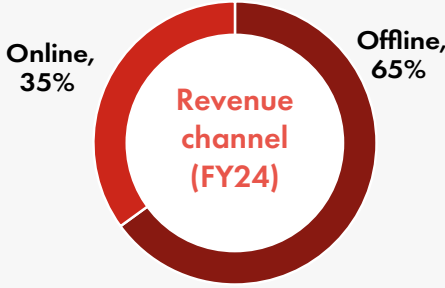


I renew my motor insurance with the same company because the process is quick online and I don't need to go through an agent every time.

- Motor Insurance Customer, Mumbai

Source(s): Secondary research, Customer interviews, Praxis Analysis

## 2.3.6 Across Indian consumer sector, D2C models have scaled successfully: Can Indian insurers do the same?

	
<ul style="list-style-type: none"> <li>• Launched as online first beauty marketplace in 2012, scaled to <b>INR 7.9K Cr (US\$ 877.8M) revenue</b> in <b>FY25 (~24% YoY)</b> with end-to-end sourcing &amp; distribution for domestic and global brands</li> <li>• Built strong offline reach via eB2B platform serving ~2L retailers across 1K+ cities, <b>expanding beyond owned D2C channels</b></li> <li>• <b>Scaled omnichannel presence with 187 stores</b> across <b>68 cities</b> and <b>150M+ orders fulfilled across online and offline channels</b></li> <li>• Achieved <b>high digital scale with 1B+ annual visits</b>, enabling strong first-party data and high repeat purchase behaviour</li> </ul>	<ul style="list-style-type: none"> <li>• Launched as online first eyewear platform in 2010, scaled to <b>INR 6.7K Cr (US\$ 744.4M) revenue</b> in <b>FY25 (~23% YoY)</b>, growing 4x in three years with a fully vertically integrated D2C model</li> <li>• <b>AI-led online discovery</b> (3D try-on, facial mapping, recommendations) on <b>mobile applications</b> helps customers shortlisting online and routing them buying offline</li> <li>• <b>Omnichannel customers has 3x LTV</b> (INR 18K) compared to single channel customers, <b>driving profitability</b></li> </ul>
 <p><b>GMV channel mix (FY24)</b></p> <ul style="list-style-type: none"> <li>Online, 47%</li> <li>Stores, 13%</li> <li>GT/MT, 13%</li> <li>Others, 13%</li> </ul>	 <p><b>Revenue channel (FY24)</b></p> <ul style="list-style-type: none"> <li>Offline, 65%</li> <li>Online, 35%</li> </ul>

Note(s): US\$1 = INR 90  
 Source(s): Company website, Tracxn, Secondary research, Praxis analysis



**2.4**

# IMPACT OF INSURANCE REGULATIONS

*General insurance industry economics uplift*

## 2.4.1 Post 2023, EOM framework transitioned from product-wise expense caps to a GDPI-based limit to provide insurers greater flexibility

- **EOM pre-2023:** Pre-2023, there were product level limits on the EOM expenses

Particulars	EOM (incl. commissions) limit as % of GWP	Commission limit as % of GWP
Fire	27.5% – 35%	5% – 16.5%
Marine	20% – 27.5%	10% – 16.5%
Motor (OD)	30% – 37.5%	15%
Motor (TP)		2.5%
Health-Retail	32.5% – 37.5%	15%
Health-Group / Corporate	27.5% – 35%	7.5% – 15%
Health-Govt Scheme	22.5% – 30%	As specified in the Government Scheme
Misc-Group/Corporate	27.5% – 35%	10% – 12.5%
Misc-Retail	30% – 37.5%	15% – 16.5%

- **EOM post-2023:** Post-2023, the framework caps the total operating expenses insurers can incur relative to premium written, with additional allowances for specific strategic or policy objectives. The framework also provides **forbearance for insurers within the first five years of operations**, allowing **case-by-case relaxation of EOM limits**.

Player type	EOM (incl. commissions) limit as % of GWP
General insurers	30%
SAHI	35%

### Key implications of the change in EOM guidelines:



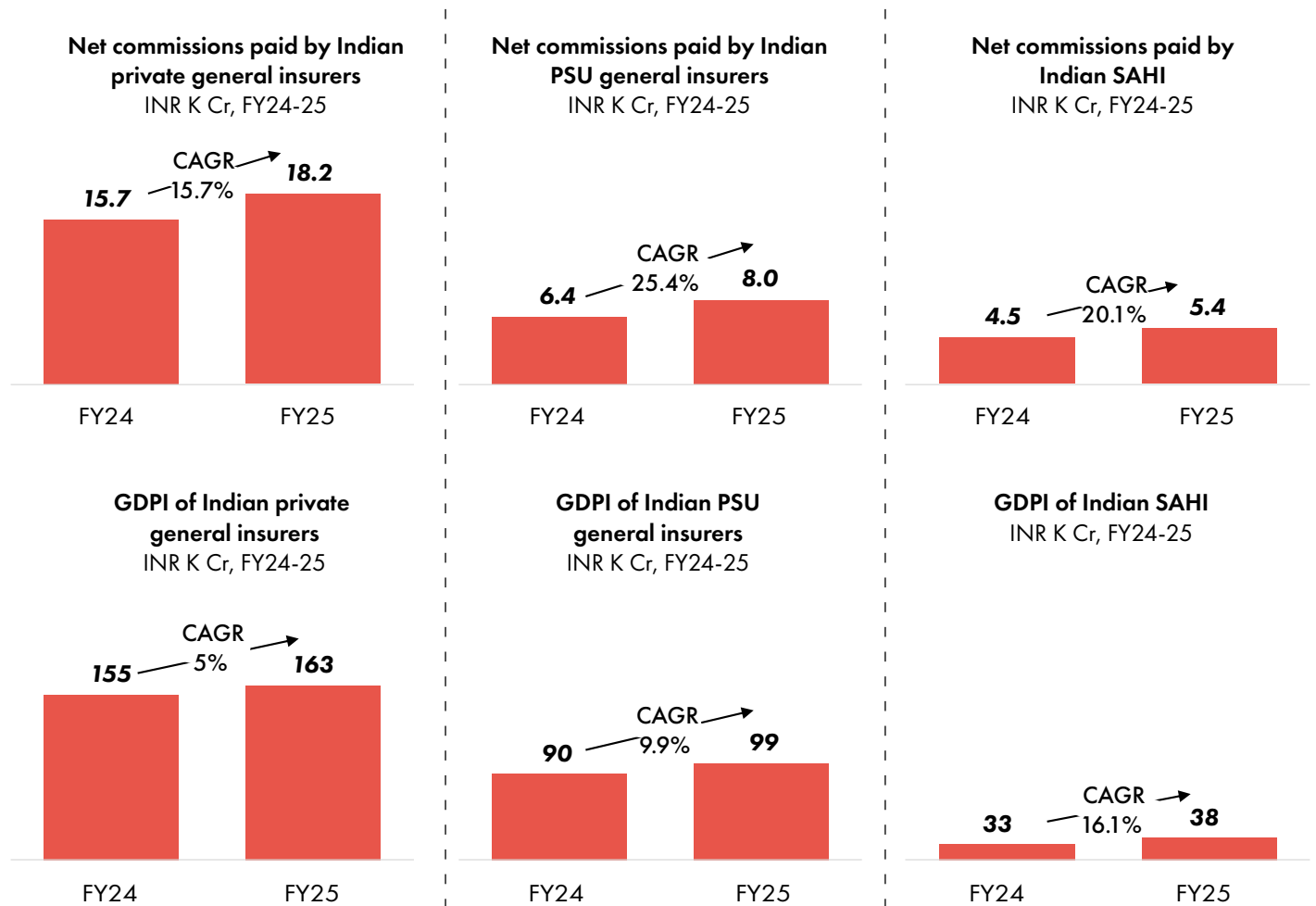
## 2.4.2 Commission growth in India outstrips Premium growth → shows that insurers seem market share gain as the primary lever for growth

Following the stabilization of the **2023 EOM guidelines**, commission growth continues to **outpace premium growth**, indicating sustained pressure on distribution spends.

This reflects a market where competition is largely focused on **capturing share of existing business rather than expanding the overall market**. As a result, **intermediary-led dynamics persist**, with customer access and retention remaining **fragmented and commission-driven**, limiting structural improvement in cost efficiency

## Exhibit 2.4.A

### Commission growth has outstripped premium growth post EOM stabilization



Source(s): GIC, IRDAI, Praxis analysis

### 2.4.3 Portfolio-level EOM flexibility enables cross-subsidization of expenses across products

The portfolio-level structure of EOM provides flexibility to insurers to operate without any expense limits at a segment level, while remaining compliant at an overall level. This has enabled active **redistribution of expense headroom across segments**, where higher distribution spends in competitive retail segments are offset by lower-cost (and often, low return) segments.

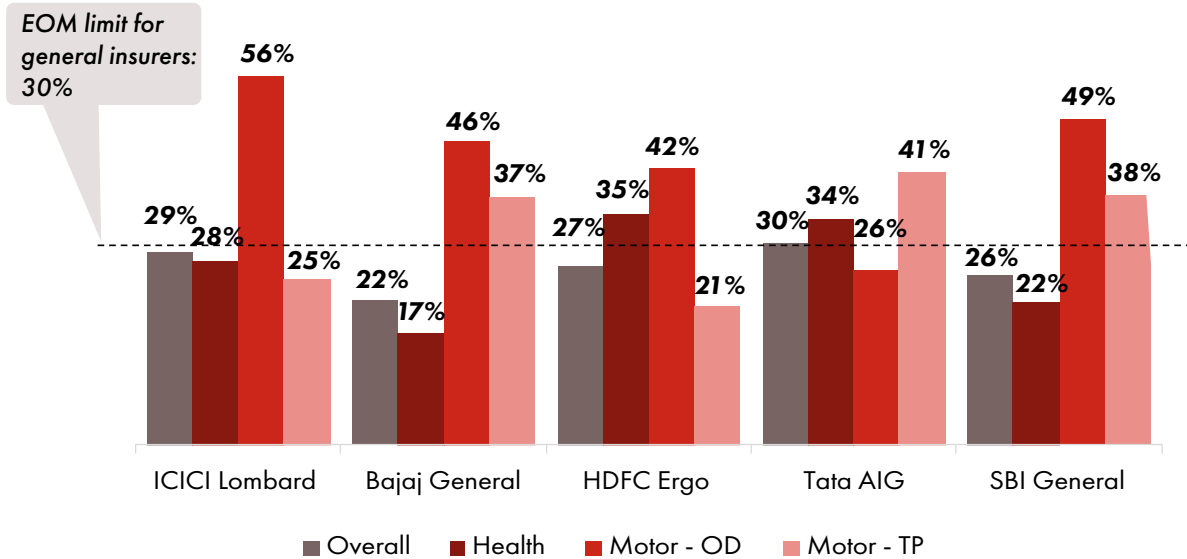
**This creates three structural implications for insurer economics:**

- **Cross-segment balancing:** Low-cost segments effectively **fund higher commission spends** in retail, masking segment-level profitability
- **Growth skewed to cost-heavy segments:** Enables expansion in **commission-intensive segments**, pressuring underwriting performance despite topline growth
- **Limited visibility on underwriting quality:** Portfolio-level management **delays recognition of loss-making segments**, weakening pricing discipline over time

Exhibit 2.4.B

Expense of management exceeds the EOM limit for certain segments across insurers

Expense of management as % of GWP for top 5 private general insurers  
FY25



EOM limit for general insurers: 30%

“Health” includes lower-commission Group and higher-commission Retail business; Retail commission % is therefore higher than the overall “Health” average.

Source(s): IRDAI, GIC, Company public disclosures, Industry participant conversations, Praxis analysis

What’s happening is people are writing a lot of group or crop business - not because it’s attractive, but because it helps them manage EOM... and then that flexibility is used somewhere else.

**- Strategy Head, Major General Insurer**

Honestly, a lot of growth today is just being bought through commissions... if you don’t match what the market is paying, you won’t get the business.

**- Growth Head, Major Insurance Platform**

Honestly, it’s a Catch-22 - if you don’t grow, you lose relevance, but if you chase growth, you end up stretching on pricing and commissions.

**- CFO, Major General Insurer**

2.4.4 While EOM flexibility enables cross-subsidization, it is now driving calls for greater discipline and transparency

Views of Industry participants

- Industry participants increasingly acknowledge that **portfolio-level EOM flexibility dilutes segment-level accountability**, allowing loss-making lines to persist without adequate pricing correction.
- This has contributed to a **commission-led competitive intensity**, where payouts in key segments are rising faster than premiums, particularly impacting smaller and mid-sized players who overpay to sustain growth. There is a growing recognition that such a model is **structurally unsustainable**, as growth becomes disconnected from underwriting quality.
- Consequently, there is an expectation that the industry will **gradually shift towards business quality and retention**, with payouts increasingly aligned to long-term value and differentiation driven more by service than pricing.

At some point, the regulator will have to step in - either through pricing floors or tighter controls - because the current competition is too aggressive.

**- Growth Head, Major Insurance Platform**

Over time, customer ownership will move back to the insurer - and service quality will become the key differentiator, not just pricing.

**- Compliance Head, Major Indian insurer**

## Policy and regulatory discussions

- From a regulatory standpoint, there is increasing scrutiny on **rising commissions and potential mis-selling**, particularly across banca, OEM and broker channels.
- Regulators are seeking **greater transparency and visibility into expense and commission structures**, alongside discussions on disclosures, customer awareness and enabling open architecture.
- Looking ahead, the **EOM framework is expected to evolve towards a more balanced model**, combining portfolio-level flexibility with segment-level guardrails.
- In parallel, **Ind AS 117 will better align reported profits with underlying economics**, through earlier recognition of onerous contracts and limited deferral of acquisition cost-improving visibility into underwriting performance.

*If a long-term contract is loss-making, you won't be able to spread it out anymore - the entire loss will need to be recognized upfront.*

**- CFO, Major General insurer**

*There is increasing focus on mis-selling - especially through banks and bundled products - and a push to ensure fair practices and customer awareness.*

**- Strategy Head, Major General insurer**

### 2.4.5 Bima Sugam introduces a platform-led shift in distribution, with potential to improve customer ownership and industry economics

#### Structural shifts



**Regulator-backed, neutral marketplace**

A **single, unbiased** platform for policy purchase, renewal and claims, improving **price discovery and product comparability**



**Likelihood of no-commission products**

Potential shift to **standardized** products with limited add-ons, replacing **commissions** with **~5-7% platform fee**



**Phased rollout across key retail segments**


Starting with **motor (new vehicles)**, followed by **health** (and **term** in **life insurance**), covering high-volume retail lines

#### Value creation for the industry



**Gradual rebalancing of distribution roles**

Intermediaries likely remain relevant for **advisory and assisted sales**, while **platform-led journeys could increase transparency and influence customer choice**



**Pressure on commission-led acquisition models**

Lower distribution costs may **challenge high-commission structures**, especially in motor and health, and has larger implications for the existing distribution architecture



**Greater pricing discipline and standardization**

Standard products and transparent comparison could **reduce pricing dispersion and product**



**Potential shift in customer ownership over time**

Platform and insurer visibility may improve, **potentially weakening exclusive intermediary control**

## 2.4.6 Greater profit transparency and risk-aligned capital are expected to steer the industry toward disciplined, quality-led growth

### Ind AS 117 – Profit transparency & underwriting discipline

- The transition to **Ind AS 117 fundamentally changes how insurance profitability is reported**, bringing **greater transparency and earlier recognition of losses**. Loss-making portfolios (onerous contracts) are required to be **recognized upfront**, with limited ability to defer or smooth acquisition costs, leading to **early visibility of unprofitable growth**.
- At the same time, the framework introduces a **clear separation between underwriting performance and investment income**, reducing the ability to offset underwriting losses through investment gains. With **more granular, cohort-level reporting**, insurers will have sharper visibility into segment-level performance, enabling **better pricing, portfolio decisions and stronger underwriting discipline**.

*With IFRS coming in, you can't really hide anymore - if a contract is loss-making, you have to take that hit upfront. Earlier there was some room to manage it over time.*

**- CFO, Major General Insurer**

### Risk-based capital – Linking capital to risk and discipline

- The move towards a **risk-based capital (RBC) framework is expected to align capital requirements more closely with underlying risks**, including underwriting, operational and investment risks. Currently, solvency is assessed through a **factor-based framework**, where capital requirements are largely driven by premium and claims metrics rather than true risk exposure.
- Under RBC, this is expected to shift towards a **more risk-sensitive approach**, where business mix and risk quality directly determine capital consumption. As a result, **better-managed and lower-risk portfolios are likely to attract lower capital requirements**, while high-risk segments become more capital-intensive-creating strong incentives for **underwriting discipline, portfolio optimization and risk-adjusted growth**.

*Right now, it's mostly solvency-driven, but once risk-based capital comes in, the way you manage risk across the business will directly impact how much capital you need to hold.*

**- Compliance Head, Major Indian Insurer**





**3**

# THE PATH FORWARD

### 3.1 Changing customer behavior will define the next phase of general insurance evolution

The current **distribution-led model** has limited **customer ownership, engagement and retention**, constraining long-term value creation. At the same time, customers are becoming more **digital, informed and experience-driven** in how they discover and purchase financial products - a shift being led by **younger cohorts such as GenZ**.

Expectations around **convenience, transparency and continuous engagement** are rising, making it critical for insurers to rethink how they **acquire, engage and retain customers**. These shifts will increasingly shape how **demand is created, decisions are made, and loyalty is built** in the next phase.

### 3.2 Gen Z is fast becoming India's next consumption powerhouse

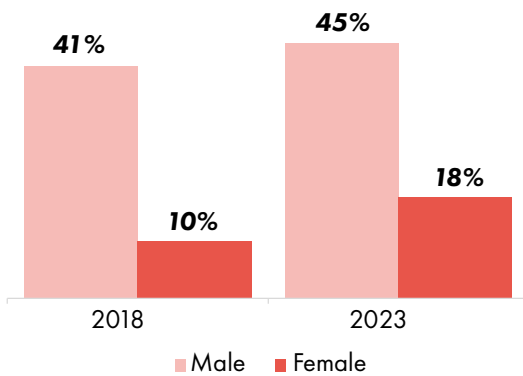
Rising workforce participation is driving **growth in disposable income among Gen Z**, while expanding access to **digital credit** is further augmenting their spending power. Beyond consumption, Gen Z is also **entering financial markets earlier than previous generations**, reflecting a broader shift toward financial inclusion.

By the age of 21, Gen Z is **~45% (1.5x) more likely to invest than millennials were at the same age**, highlighting a clear trend of **earlier financial engagement and decision-making**.

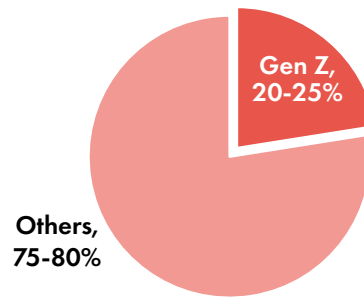
Exhibit 3.A

#### Gen Z is emerging as a high-consumption and early-investing cohort

Labor force participation rate <25 year old  
% population, 2018-23



Contribution to digital borrowing  
%, 2024

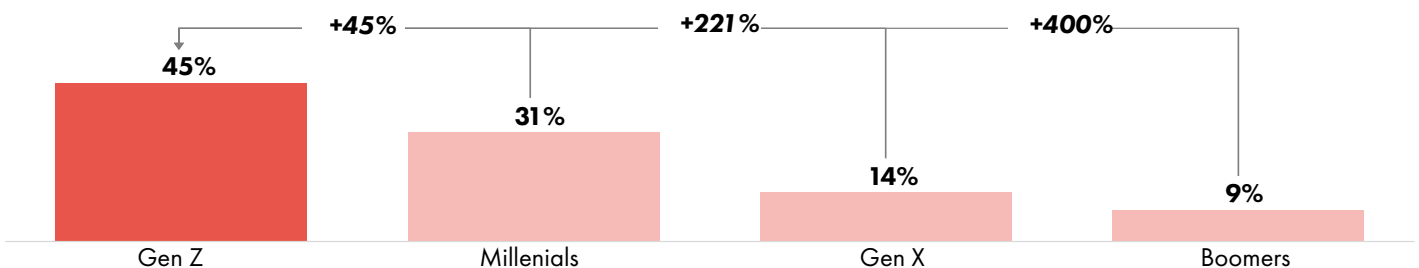


Higher workforce participation is translating into greater financial activity among Gen Z

Improved credit access is enabling higher digital spending among Gen Z



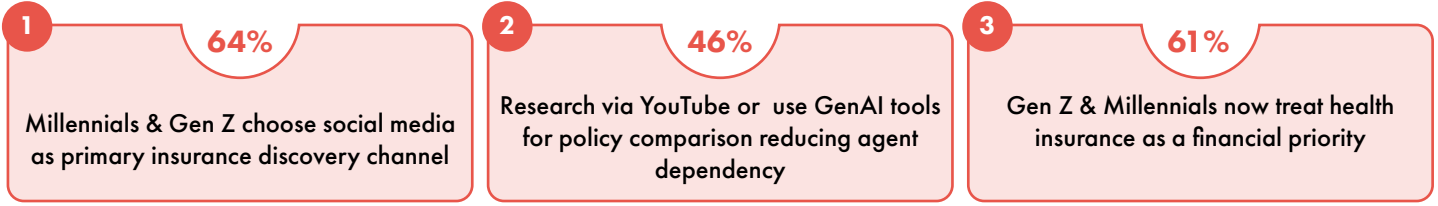
Generation comparison of people who invest by age 21  
%, Gen Z vs. Non Gen Z



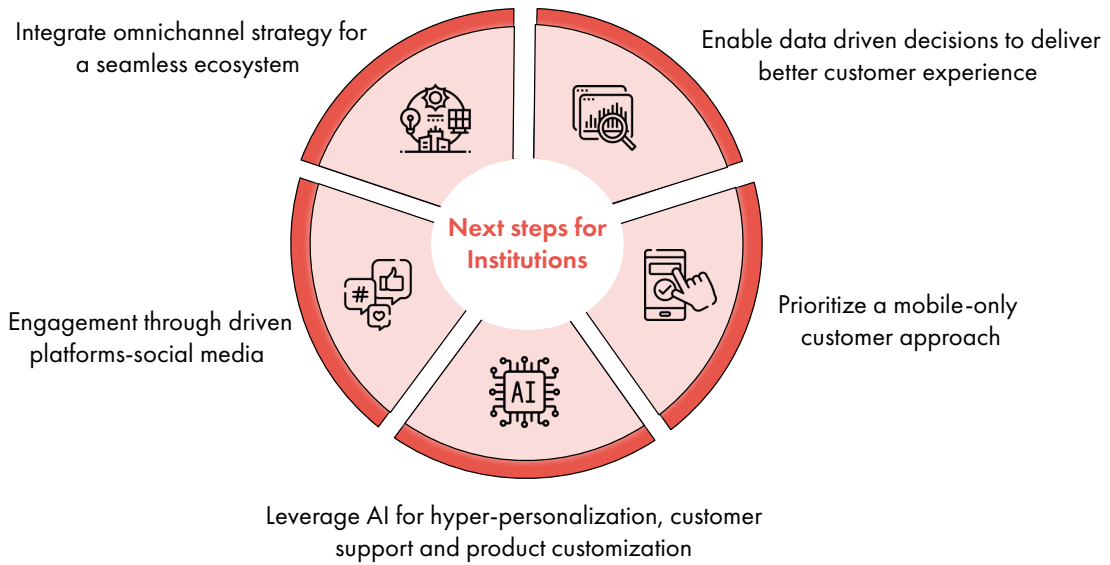
Note(s): Gen Z refers to people born between 1997–2012, Millennials between 1981–1996, Gen X between 1965–1980, and Baby Boomers between 1946–1964  
Source(s): CEIC, Press articles, Data from CFA Institute, Praxis analysis,

### 3.3 Changing customer behaviour requires institutions to rethink engagement models

Customer behaviour is shifting toward digital, self-serve journeys

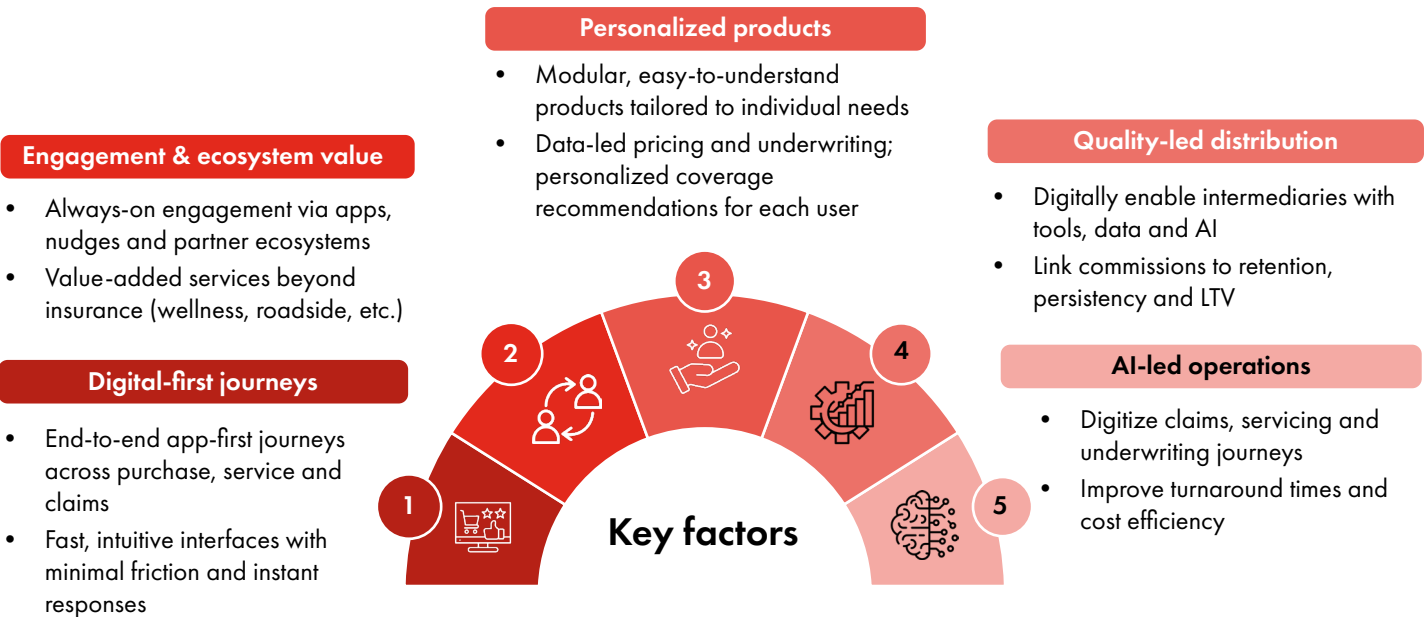


To keep pace with changing customer behaviour, institutions must evolve across five key engagement dimensions



Source(s): RBIH, Industry reports, Secondary research, Praxis analysis

### 3.4 Next phase of insurance: Winning the digital customer while building disciplined, customer-owned growth



## 3.5 From scale-led growth to value-led compounding: The next phase of Indian GI

Profitability in Indian general insurance remains **constrained** by **structural incentives** and a **distribution-led** model that limits customer **ownership** and **underwriting discipline**. Breaking out of this requires a shift towards **owning** the customer **relationship**, improving the **quality of growth**, and building **underwriting-led** economics. The next phase of the industry will be defined by how **effectively** insurers **realign distribution, engagement and risk selection** to drive sustainable, compounding value.

- 1** **Rebalance distribution economics**
  - Shift from **volume-led** intermediation to **quality-** and **retention-led models**
  - Align **commissions** with **customer retention** and customer lifetime value
- 2** **Win customer ownership**
  - Build **direct, persistent** engagement **beyond sale** and **renewal**
  - Reduce reliance on **intermediaries** for customer **access** and **retention**
- 3** **Improve quality of growth**
  - **Reallocate** towards **profitable, lower-volatility** segments
  - Move from **GWP-led growth** to LTV and **underwriting** quality-led
- 4** **Build underwriting-led economics**
  - Strengthen **pricing discipline**, risk selection and **claims** control
  - Reduce reliance on **investment income** for profitability

**The winners will not be those who scale fastest, but those who compound profitably**

# Connect with us

We will be happy to share perspectives

---

## Authors of the report

### Madhur Singhal

Managing Partner

E: madhur.singhal@praxisga.com

---

### Vishal Bhave

Practice Leader, Financial Services

E: vishal.bhave@praxisleader.com

---

## For media queries, please contact

### Shivam Bajaj

Associate Manager - PR & Events

E: PR@praxisga.com

M: +91 935 453 3135

---

[www.praxisga.com](http://www.praxisga.com)



Disclaimer: This material has been prepared by Praxis Global Alliance, which is the trade name of Praxian Global Private Limited ("Praxis", "we", or "our") with the intent to showcase our capability and disseminate learnings to potential partners/clients. This material can be referred to by the readers on the internet but should be referenced to Praxis Global Alliance, if reused or adapted in any form, medium and on any forum. The frameworks, approaches, tools, analysis and opinions are solely Praxis's intellectual property and are a combination of collection of best data we could find publicly, and Praxis team's own experiences and observations. Any information provided herein is only for informational purposes and you are advised to perform an independent analysis of the same before making any decision based on such information. The information does not constitute any business advice or guidance and is to be construed as a general summary based upon the publicly available information and our interpretation of the same using our resources. For this material, we may have relied upon different sources of information which may be primary sources, publicly available information and relevant information available with us.

We make no representation or warranty, express or implied, that information herein is accurate or complete, and nothing contained in here can be construed as definitive predictions or forecasts. Any use of the information provided herein by the reader shall be at the sole risk of the reader and Praxis or its business partners, affiliates, agents, officers or employees shall not be liable for any unintended or adverse effect or outcome from the use of such information by the reader.

Praxis does not have any duty to update or supplement any information in this document. Praxis shall not be responsible for any business or commercial loss sustained by any person who relies on any information provided therein.

Any and all logos of companies used in the information provided herein have been published for information purposes only and Praxis does not hold any and all liability in connection therewith.

# About Praxis Global Alliance

We are an APAC based management consulting firm with deep presence in APAC and with experience across 40+ countries helping organizations to accelerate growth profitability, execute better, digitalize faster seamlessly and unlock people productivity.

## We are the consulting firm of the FUTURE



**2,000+**  
engagements



**120+**  
team members



**800+**  
years domain  
expertise



**25+**  
practices areas



**30%**  
faster to outcomes

### ...with deep presence in APAC

- **Gurugram, India**  
(50+ consultants)
- **Mumbai, India**  
(40+ consultants)
- **Bengaluru, India**  
(20+ consultants)
- **Riyadh, Saudi Arabia**  
(5+ consultants)
- **Dubai, United Arab Emirates (UAE)**  
(5+ consultants)



### ...with experience across 40+ countries



<b>Americas</b> (30+ projects)	<b>SEA</b> (50+ projects)	<b>Rest of Asia</b> (30+ projects)
<b>Europe</b> (25+ projects)	<b>Australia</b> (10+ projects)	<b>MENA</b> (50+ projects)

### ...helping organizations to



Accelerate  
growth profitably



Execute better



Digitalize faster  
seamlessly



Unlock people  
productivity



Build Together.  
Win Together.