

First-year premium for life insurers up nearly 10% in December

Saurav Anand/10 Jan 2023



New Delhi: New business premium income of India's life insurance companies increased by 9.7% to ₹26,838 crore in December, according to a report by Care Edge Ratings.

Compared to December 2021, all the 24 life insurers had a collective new business premium income of ₹24,466 crore in the same month.

"The first-year premium of life insurers reached ₹26,838 crore in December 2022 from ₹24,466 crore in December 2021, exhibiting a y-o-y growth rate of 9.7%, vs. a marginal increase of 0.3% reported in December 2021," the Care Edge Ratings said.

According to the brokerage report, the year-to-date FY23 first-year premium numbers grew by 34.1% against the 8.5% growth reported in the same period last year.

"The year-to-date FY23 growth can continue to be attributed primarily to group single premiums and more specifically to LIC and a low base, which saw subdued levels due to the pandemic-induced (Covid-19 second wave) lockdowns. Meanwhile, the private players have been extending their lead in the individual non-singe premium segment," it said.

LIC's first-year premium rose by 3.7% for December 2022; vs a fall of 20.3% witnessed in December 2021. Meanwhile, private insurers reported a growth rate of 14.9% in December

2022 which is around half of the rate reported in December 2021 (29.8%). The monthly increase can be attributed to individual segments.

"For the first 9 months of FY23, LIC reported a growth rate of 39.7% against a decline of 3.1% reported for the same period last year. Meanwhile, the growth rate of its private peers decelerated to 17.6% from 29.8% last year. Further, growth in select smaller private companies has outpaced their larger private counterparts," it said.

The YTD growth can be attributed to a continuous rise in group single premiums especially by LIC and individual non-single premiums, more specifically by private companies. LIC maintains its dominant share in the first-year premium (65.4% vs. 34.6% share of private companies).

"For December 2022, the growth rate of non-single premiums reduced to 12.4% vs. 17.5% reported in December 2021, and growth in single premiums came in at 7.6% in December 2022 vs. a 10% fall in December 2021. Single premiums continue to account for a substantial portion of the overall first year premiums," the report said.

The share of single premiums has increased from 60% for FY20 to 69% in FY22 and is at 72% for year-to-date FY23 (vs. 70% for the same period last year).

For December 2022, the group premiums increased by 5.3%, while individual premiums increased by 13.2%, as per the data.

For the year-to-date numbers, growth in individual premiums was around a third of the growth in group premiums. Individual premiums continue to remain smaller in size compared to group premiums.