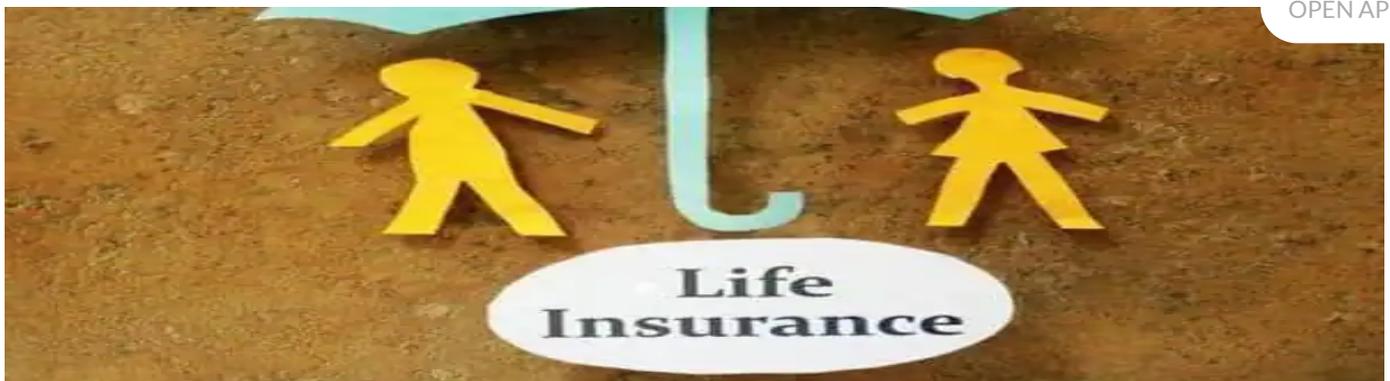


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Group single premiums continue to drive life insurance in May, LIC outpaces private insurers



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The strong performance was driven by robust growth in group single premiums. (iStock)

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The first-year premium of life insurance nearly doubled to ₹24,480 crore in May 2022 compared to same month last year. The strong performance was driven by robust growth in group single premiums. The country's largest insurer, LIC outpaced its private peers for the two consecutive months in FY23.

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doubling from ₹12,977 crore in the same month last year, a CARE Edge Ratings report showed. The year-on-year growth was 86.7% in the first-year premium numbers. The strong performance was driven by robust growth in group single premiums. The country's largest insurer, LIC outpaced its private peers for the two consecutive months in FY23, meanwhile, the private insurers witnessed faster growth in May this year.

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Also, the growth was led by a low base, which saw subdued levels due to the pandemic-induced (Covid-19 second wave) lockdowns.

In April this year, the first-year premium [life insurance](#) numbers were at ₹17,940 crore.

Data by CARE showed that [LIC](#)'s first-year premium has continued to grow in robust double digits and stood at 77% for May 2022, which was lower than the growth of 141.2% in April 2022 but was more than the 50.6% growth in March 2022 and 35.4% in February 2022. The May 2022 growth due to group single premiums also compares favourably versus the decrease of 12.4% in May 2021 (base effect/ lockdown disruptions).

Meanwhile, the data highlighted that private insurers grew at 114.4% in May 2022 vs. 27.5% in April 2022, 12.9% in March 2022, and 14.2% in April 2021 (base effect/lockdown disruptions).

In the first two months of FY23, CARE's data revealed that LIC has outgrown the marginal growth reported for the similar period of FY22 and its private peers gave LIC's dominant share of the group single insurance business. LIC maintains its dominant share in the first-year premium at 65% versus 35% share of private companies.

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Furthermore, in May 2022, the non- premiums increased by a whopping 106.4%, while single premiums also logged a strong growth of 82.2%.

Notably, the share of single premiums has jumped from 60% for FY20 to 69% in FY22 and further to 71% in the April - May 2022 period of FY23.

In single premiums, the growth can be attributed to individuals seeking a predictable rate of return. Pension plans, General Annuity, and Group Gratuity Schemes continue to account for a significant chunk of the group, while General annuity plans dominate individual single premiums, as per CARE.

CARE's report said that the private sector has a larger share in the non-single sub-segment (mainly individual premiums), while LIC continues to dominate the single premium sub-segment, especially the group business.

During May this year, the group premiums climbed by 92.2%, while individual premiums grew by 82%. So far in FY23, the growth in group premiums continues to outpace growth in individual premiums. Meanwhile, individual premiums continue to remain smaller in size compared to group premiums.

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In the research report, CARE expects the life insurance industry to continue to grow at around 12-14% over a three-to-five-year horizon. The growth would be driven by strong demand for annuity and protection plans. Meanwhile, growth in ULIP could be muted given the volatile market conditions.

According to CARE's report, other factors include an intense push to increase insurance coverage, especially in the rural populace, product innovations/