

Friday, Apr 22, 2022

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Life Insurers Clock 37% Rise In New Premiums In March 2022

As the pandemic subsides, the life insurance sector limps back to normalcy



Over the last few years, the Indian life insurance sector has grown at a compound annualised growth rate of more than 11%.

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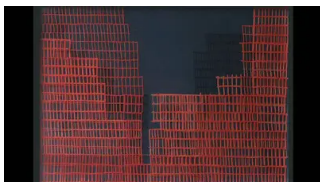


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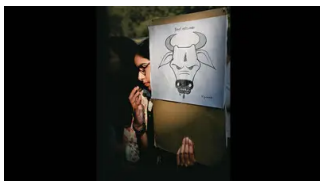


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The Indian life insurance sector has been growing substantially at a compounded annualised growth rate (CAGR) of more than 11 per cent over the past few years, which is substantially faster than the average global growth rate, according to a recent report released by CareEdge.

The prime drivers of this growth include a substantial increase in group insurance products coupled with innovations, customisation, and the development of strong distribution channels in the individual insurance segment. The gap between India's insurance density and penetration levels and the average for Asian economies indicates a substantial growth opportunity.

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Life insurance continues to dominate domestic insurance premium collections.

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Key Events That Made LIC The Largest And Most Valued Life Insurance Company In India



Globally, the share of life insurance in total premium was approximately 50 per cent, while it was nearly 75 per cent for India, according to the CareEdge report.

Indian life insurance has a top-heavy market structure, with the top five players holding over 85 per cent market share, and the remaining companies making up a long tail. This, along with public sector banks being required to reduce their stakes in some insurance companies due to their mergers, is likely to trigger consolidation in the segment.

The primary focus of the life insurance industry in FY21 and a significant portion of FY22 was on the Covid-19 pandemic, but it's now expected to focus more on the growth story.

Companies are expected to simplify the life insurance purchase experience and overall digital enablement further across the distribution channels. CareEdge expects the life insurance industry to continue to grow at 12-14 per cent over a three-to-five-year horizon, driven by group products, individual pension, and life cover products, along with supportive regulations, rapid

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Insurance Premium Sees Strong Growth In March

In March 2022, private insurers' new-business premiums (NBP) grew 13 per cent year-on-year (y-o-y), and LIC's NBPs grew a strong 51 per cent y-o-y, according to a recent research report released by Anand Rathi.

In March-end 2022, the total NBP grew 37 per cent yearly to Rs 59,600 crore (from Rs 43,400 crore in the previous year). The private sector's annual-premium equivalent (APE) grew 11 per cent annually at March-end 2022. The APE for LIC, the sole public entity, grew 51 per cent y-o-y. At March-end 2022, the total APE was Rs 21,100 crore, up from Rs 16,200 crore in the previous year.

LIC's Market Share Increased

In terms of NBP, In terms of NBP, LIC's market share for March 2022 increased to 71 per cent (from 64 per cent the month prior, 47 per cent in December 2021), according to the Anand Rathi report. In terms of APE, LIC's market share for March 2022 increased to 55 per cent (up from 47 per cent the previous month, and 35 per cent from December 2021).



Over the last few years, the Indian life insurance sector has grown at a compound annualised growth rate of more than 11%.

APE: SBI Life Occupied Top Place

In terms of APE, SBI Life, with a 17.3 per cent market share, occupied the number one position in the private space, although y-o-y, it declined 130 bps. HDFC Life, with 14 per cent share, took the second position. Occupying the third slot was I-Pru with 11 per cent market share.

Others, such as Bajaj Allianz Life (up 150 bps y-o-y), Tata AIA Life (up 80 bps y-o-y) and Kotak Mahindra Life (up 40 bps y-o-y) gained market shares, whereas Reliance Nippon Life (down 80 bps y-o-y) and Exide Life (down 20 bps y-o-y) lost market shares. Max Life's market share was steady at 10.2 per cent y-o-y.

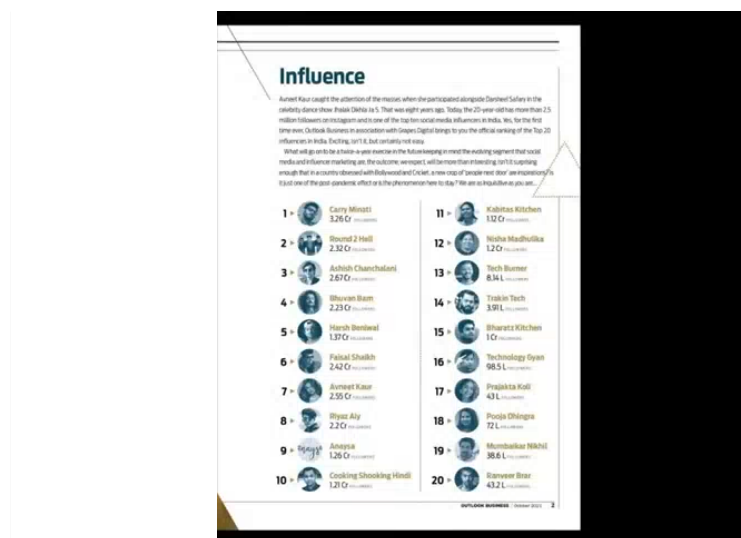


In terms of APE, SBI Life was the clear leader in the private sector, with a 17.3 percent market share.

NBP: The top-three accounted for a 47.4 per cent market share.

In terms of NBP, HDFC Life, with an 18.3 per cent market share, was number one; y-o-y it declined 120 bps. SBI Life, with 16.5 per cent, held the second position; it declined 30 bps y-o-y, according to the Anand Rathi report.

Occupying the third slot was I-Pru with 12.7 per cent, declining 140 bps y-o-y. Private insurers, such as Bajaj Allianz Life (up 120 bps y-o-y), Tata AIA Life (up 90 bps y-o-y) and Max life (up 10 bps y-o-y) increased their market shares, whereas Kotak Mahindra Life (down 40 bps y-o-y), lost market share.



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