

**Life Insurance First Year Premium: November - Growth prospects continue notwithstanding base effect**

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**Overview**

The life insurance sector reported a drop in November 2020 after witnessing a growth for four continuous months in FY21. First Year Premium of life insurers fell by 26.9% in the month of November 2020 to Rs 19,159 crore, compared to Rs 26,221 crore in November 2019 due a fall in group non-single premiums, however, the individual segment muted the fall.

Single premium policies (primarily investment oriented) accounted for a significant portion of the policies sold in November 2020 but declined compared to yoy levels; however, non-single policies witnessed a sharper fall.

The premiums fell primarily due to the base effect. Premiums had increased substantially in FY20 as some high yield policies were to be withdrawn in November 2019 but were finally withdrawn in January 2020. This can be evinced in the CAGR of 16.2% for two years ended, YTD Nov FY21 albeit with very high increase in YTD Nov FY20, and a relative correction in YTD Nov FY21 (for the industry). LIC too grew at a CAGR of 17.9% for the same periods.

**Figure 1: Movement in Monthly First Year Premium**

Month	Premium in 2018 (Rs cr.)	Premium in 2019 (Rs. cr.)	Premium in 2020 (Rs cr.)	Delta (% change 19 over 18)	Delta (% change 20 over 19)
March	29,171	37,459	25,409	28.4%	-32.2%
April	7,280	9,982	6,728	37.1%	-32.6%
May	12,838	18,414	13,739	43.4%	-25.4%
June	16,612	32,241	28,869	94.1%	-10.5%
July	20,219	21,509	22,986	6.4%	6.9%
August	18,639	23,555	27,040	26.4%	14.8%
September	17,491	20,057	25,366	14.7%	26.5%
October	15,480	17,272	22,776	11.6%	31.9%
November	14,858	26,221	19,159	76.5%	-26.9%

Source: IRDAI, CMIE

The life insurance sector reverted to negative growth in their first year premium collection. The sector reported a dip of 1.5% in first year premium to Rs. 1,66,663.0 crore in YTD November FY21 from Rs. 1,69,251.2 crore in YTD November FY20 (compared to an increase of 37.2% reported in YTD November FY20).

However, the overall sum assured declined by 9.2% from Rs 30.1 lakh crore in YTD November FY20 to Rs. 27.4 lakh crore in YTD November FY21 (compared to an increase of 16.5% reported in YTD November FY20).

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**Figure 2: First Year Premium Growth of Life Insurance Companies**

Insurer	For Nov 2018	For Nov 2019	For Nov 2020	Nov 2019 Growth in %	Nov 2020 Growth in %	YTD Nov FY19	YTD Nov FY20	YTD Nov FY21	YTD Nov FY20 Growth in %	YTD Nov FY21 Growth in %	Market Share YTD Nov FY20	Market Share YTD Nov FY21
<b>Private Total</b>	<b>5,346.8</b>	<b>7,450.7</b>	<b>7,066.6</b>	<b>39.3%</b>	<b>-5.2%</b>	<b>40,197.9</b>	<b>49,078.3</b>	<b>51,004.2</b>	<b>22.1%</b>	<b>3.9%</b>	<b>29.0%</b>	<b>30.6%</b>
Individual Single Premium	482.6	759.6	1,021.2	57.4%	34.4%	3,902.7	5,356.8	7,477.3	37.3%	39.6%	24.3%	26.1%
Individual Non-Single Premium	2,827.4	3,574.4	3,289.1	26.4%	-8.0%	20,870.6	24,095.4	21,984.6	15.5%	-8.8%	57.7%	59.9%
Group Single Premium	1,544.0	2,590.7	2,304.4	67.8%	-11.1%	12,996.7	16,433.5	18,218.8	26.4%	-10.9%	21.1%	19.6%
Group Non-Single Premium	17.1	13.2	96.7	-23.0%	633.6%	202.4	99.1	187.6	-51.0%	89.3%	0.4%	3.8%
Group Yearly Renewable Premium	475.7	512.8	355.4	7.8%	-30.7%	2,225.5	3,093.4	3,135.8	39.0%	1.4%	86.0%	88.5%
<b>LIC of India</b>	<b>9,511.0</b>	<b>18,770.6</b>	<b>12,092.7</b>	<b>97.4%</b>	<b>-35.6%</b>	<b>83,148.6</b>	<b>1,20,172.9</b>	<b>1,15,658.7</b>	<b>44.5%</b>	<b>-3.8%</b>	<b>71.0%</b>	<b>69.4%</b>
Individual Single Premium	2,187.3	1,917.3	1,360.2	-12.3%	-29.1%	13,656.0	16,653.0	21,121.3	21.9%	26.8%	75.7%	73.9%
Individual Non-Single Premium	1,950.2	4,230.4	1,883.3	116.9%	-55.5%	15,010.5	17,646.2	14,720.7	17.6%	-16.6%	42.3%	40.1%
Group Single Premium	5,257.7	9,092.2	8,390.3	72.9%	-7.7%	53,069.8	61,620.8	74,718.3	16.1%	21.3%	78.9%	80.4%
Group Non-Single Premium	66.2	3,516.4	348.2	5212.6%	-90.1%	532.3	23,751.1	4,689.3	4361.9%	-80.3%	99.6%	96.2%
Group Yearly Renewable Premium	49.6	14.2	110.6	-71.4%	679.6%	880.0	501.9	409.2	-43.0%	-18.5%	14.0%	11.5%
<b>Grand Total</b>	<b>14,857.8</b>	<b>26,221.2</b>	<b>19,159.3</b>	<b>76.5%</b>	<b>-26.9%</b>	<b>1,23,346.5</b>	<b>1,69,251.2</b>	<b>1,66,663.0</b>	<b>37.2%</b>	<b>-1.5%</b>		
Individual Single Premium	2,669.9	2,676.9	2,381.4	0.3%	-11.0%	17,558.7	22,009.9	28,598.6	25.4%	29.9%		
Individual Non-Single Premium	4,777.7	7,804.8	5,172.4	63.4%	-33.7%	35,881.1	41,741.6	36,705.3	16.3%	-12.1%		
Group Single Premium	6,801.6	11,682.9	10,694.7	71.8%	-8.5%	66,066.5	78,054.3	92,937.1	18.1%	19.1%		
Group Non-Single Premium	83.3	3,529.6	444.9	4137.3%	-87.4%	734.7	23,850.2	4,876.8	3146.2%	-79.6%		
Group Yearly Renewable Premium	525.3	527.0	466.0	0.3%	-11.6%	3,105.5	3,595.3	3,545.1	15.8%	-1.4%		

Source: IRDAI

- LIC's first year premium decreased by 3.8% in YTD November FY21 compared to growth of 44.5% in YTD November FY20. While private companies reported a growth of 3.9% in YTD November FY21 versus growth of 22.1% in YTD November FY20. LIC grew at a CAGR of 17.9% between YTD Nov FY19 and YTD Nov FY21 compared to industry's growth of 16.2% and private sector growth of 12.6% for the same periods.
- Group non-single premiums fell by 87.4% in November 2020 and 79.6% in YTD November FY21 vs. a sharp jump in November 2019 and YTD November FY20. However, Group non-single premiums grew at a CAGR of over 100% between these two periods.
- Single Premium growth has remained steady given the current interest rate scenario. Group single premiums grew by 19.1% in YTD November 2020 vs. a growth of 18.1% in YTD November 2019. Individual single premiums grew by 29.9% in YTD November 2020 vs. a growth of 25.4% in YTD November 2019. These policies have declined by 11% in November 2020 (vs. a rise of 0.3% in November 2019).
- LIC continues to maintain its dominant share in the first year premium for YTD November FY21 (LIC share of 69.4% vs. 30.6% share of private companies); the share in sum assured for private companies has declined marginally by 0.2% in YTD November FY21 when compared with YTD November FY20. In Sum Assured, private companies have a share of 85.3% (vs 85.5% in YTD November FY20) due to their focus on pure protection plans and a strong digital presence.

**Figure 3: Movement in Sum Assured (Rs lakh crore) of Life Insurance Companies**

Insurer	For Nov 2018	For Nov 2019	For Nov 2020	Nov 2019 Growth in %	Nov 2020 Growth in %	YTD Nov FY19	YTD Nov FY20	YTD Nov FY21	YTD Nov FY20 Growth in %	YTD Nov FY21 Growth in %	Market Share YTD Nov FY20	Market Share YTD Nov FY21
Private	2.3	3.5	3.2	50.7%	-9.5%	19.5	25.8	23.3	32.2%	-9.4%	85.5%	85.3%
LIC of India	0.5	1.1	0.6	126.4%	-48.1%	6.4	4.4	4.0	-31.6%	-7.8%	14.5%	14.7%
Grand Total	2.8	4.7	3.8	64.1%	-18.9%	25.9	30.1	27.4	16.5%	-9.2%	100%	100%

Source: IRDAI

- As can be seen in Figure 4, individual as well as group premiums dropped sharply in November 2020 vs. the positive growth witnessed in November 2019. On the other hand, growth turned negative for group premiums in YTD November FY21, but individual premiums reported muted growth of 2.4% in YTD November FY21 vs the growth of 19.3% in YTD November FY20.

**Figure 4: Movement in Premium Type (Rs crore) of Life Insurance Companies**

Premium type	For Nov 2018	For Nov 2019	For Nov 2020	Nov 2019 Growth in %	Nov 2020 Growth in %	YTD Nov FY19	YTD Nov FY20	YTD Nov FY21	YTD Nov FY20 Growth in %	YTD Nov FY21 Growth in %
Individual	7,447.5	10,481.7	7,553.8	40.7%	-27.9%	53,439.8	63,751.5	65,303.9	19.3%	2.4%
Group	7,410.2	15,739.5	11,605.5	112.4%	-26.3%	69,906.7	1,05,499.7	1,01,359.0	50.9%	-3.9%

Source: IRDAI

- The pandemic has created a rise in the demand for protection plans, while the market volatility continued to affect the demand for linked plans. However ULIPs may witness some interest due to strong market performance. Further the prevailing lower interest rate scenario would continue to drive the performance of guarantee return plans.
- The life insurance business witnessed a fall in the earlier part of the year due to the lockdown and business disruption.
- The industry is expected to grow in the single digits for the year as compared to a double digit growth witnessed last year. Overall, the outlook is expected to be stable in the medium term.

### Annexure: Company wise share in First Year Premium

S. No.	Insurer	For Nov 2018	For Nov 2019	For Nov 2020	Nov 2019 Growth in %	Nov 2020 Growth in %	YTD Nov FY19	YTD Nov FY20	YTD Nov FY21	YTD Nov FY20 Growth in %	YTD Nov FY21 Growth in %	Market Share YTD Nov FY19	Market Share YTD Nov FY20	Market Share YTD Nov FY21
	<b>Grand Total</b>	<b>14,857.8</b>	<b>26,221.2</b>	<b>19,159.3</b>	<b>76.5%</b>	<b>-26.9%</b>	<b>1,23,346.5</b>	<b>1,69,251.2</b>	<b>1,66,663.0</b>	<b>37.2%</b>	<b>-1.5%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
1	LIC of India	9,511.0	18,770.6	12,092.7	97.4%	-35.6%	83,148.6	1,20,172.9	1,15,658.7	44.5%	-3.8%	67.4%	71.0%	69.4%
	<b>Private Total</b>	<b>5,346.8</b>	<b>7,450.7</b>	<b>7,066.6</b>	<b>39.3%</b>	<b>-5.2%</b>	<b>40,197.9</b>	<b>49,078.3</b>	<b>51,004.2</b>	<b>22.1%</b>	<b>3.9%</b>	<b>32.6%</b>	<b>29.0%</b>	<b>30.6%</b>
2	Aditya Birla Sun Life	261.4	424.8	410.9	62.5%	-3.3%	2,268.0	2,200.8	2,713.4	-3.0%	23.3%	1.8%	1.3%	1.6%
3	Aegon Life	7.0	7.3	3.3	4.3%	-54.4%	68.5	59.4	44.1	-13.4%	-25.7%	0.1%	0.0%	0.0%
4	Aviva Life	14.0	44.2	10.2	216.0%	-76.8%	126.5	152.3	127.9	20.4%	-16.0%	0.1%	0.1%	0.1%
5	Bajaj Allianz Life	290.5	592.6	373.4	104.0%	-37.0%	2,719.1	3,241.4	3,133.2	19.2%	-3.3%	2.2%	1.9%	1.9%
6	Bharti Axa Life	66.0	64.1	53.1	-3.0%	-17.1%	534.0	540.2	421.6	1.2%	-22.0%	0.4%	0.3%	0.3%
7	Canara HSBC OBC Life	108.2	137.7	311.3	27.2%	126.1%	836.6	1,001.1	1,430.6	19.7%	42.9%	0.7%	0.6%	0.9%
8	Edelweiss Tokio Life	34.8	28.7	31.1	-17.6%	8.4%	226.6	206.1	216.5	-9.0%	5.1%	0.2%	0.1%	0.1%
9	Exide Life	48.0	73.5	58.0	53.2%	-21.1%	432.6	515.0	380.8	19.0%	-26.1%	0.4%	0.3%	0.2%
10	Future Generali Life	47.4	80.3	34.7	69.4%	-56.8%	342.0	483.0	214.8	41.3%	-55.5%	0.3%	0.3%	0.1%
11	HDFC Life	1,067.9	1,681.9	1,501.0	57.5%	-10.8%	8,518.7	10,772.9	11,721.5	26.5%	8.8%	6.9%	6.4%	7.0%
12	ICICI Prudential Life	917.5	973.7	982.9	6.1%	1.0%	5,870.0	7,060.2	6,429.5	20.3%	-8.9%	4.8%	4.2%	3.9%
13	IDBI Federal Life	57.7	45.9	51.5	-20.4%	12.1%	413.2	344.2	318.9	-16.7%	-7.4%	0.3%	0.2%	0.2%
14	India First Life	79.4	140.9	137.6	77.5%	-2.4%	1,153.5	1,126.1	1,130.6	-2.4%	0.4%	0.9%	0.7%	0.7%
15	Kotak Mahindra Life	302.5	541.6	310.2	79.1%	-42.7%	2,029.4	2,917.4	2,274.6	43.8%	-22.0%	1.6%	1.7%	1.4%
16	Max Life	362.3	435.6	491.9	20.2%	12.9%	2,576.4	3,056.4	3,475.5	18.6%	13.7%	2.1%	1.8%	2.1%
17	PNB Met Life	120.2	159.8	155.3	33.0%	-2.9%	871.4	1,045.5	949.4	20.0%	-9.2%	0.7%	0.6%	0.6%
18	Pramerica Life	73.8	44.4	18.9	-39.9%	-57.5%	922.3	390.3	133.3	-57.7%	-65.8%	0.7%	0.2%	0.1%
19	Reliance Nippon Life	70.4	74.1	115.2	5.3%	55.6%	607.1	610.2	577.6	0.5%	-5.3%	0.5%	0.4%	0.3%
20	Sahara Life	0.0	0.0	-	-62.3%	NA	0.1	-	0.0	-100.0%	NA	0.0%	0.0%	0.0%
21	SBI Life	1,119.7	1,478.5	1,526.0	32.0%	3.2%	7,728.4	10,715.7	12,116.0	38.7%	13.1%	6.3%	6.3%	7.3%
22	Shriram Life	77.5	58.6	86.1	-24.4%	46.9%	497.2	425.3	419.4	-14.5%	-1.4%	0.4%	0.3%	0.3%
23	Star Union Dai-ichi Life	59.1	85.1	116.2	43.9%	36.5%	344.0	441.0	571.4	28.2%	29.6%	0.3%	0.3%	0.3%
24	Tata AIA Life	161.4	277.5	287.9	71.9%	3.7%	1,112.2	1,773.7	2,203.7	59.5%	24.2%	0.9%	1.0%	1.3%

Source: IRDAI