

Life Insurance First Year Monthly Premiums – January numbers report subdued growth due to low Group Single Premiums



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Overview

First Year Premium of life insurers reported a subdued y-o-y growth rate of 2.7% in January 2022 and 0.3% in December 2021 after increasing by 41.8% in November 2021 and reached Rs 21,957 crores from Rs. 21,390 crores in January 2021. The marginal growth in monthly numbers can be attributed to a rise in individual premiums which have been offset a fall in group single premiums.

For 10M FY22, the life insurance sector's first year premium grew by 6.9% compared to a marginal decrease of 1.2% for 10M FY21. Due to the Covid-19 pandemic lockdown and resultant impact, premiums were affected in FY21 and resultant different growth after the same, base effect may also be possible in monthly FY22 numbers.

Figure 1: Movement in Monthly First Year Premium (Rs cr)

Month	Premium in FY20 (Rs. cr.)	Premium in FY21 (Rs cr.)	Premium in FY22 (Rs cr.)	Delta (% change 20 over 19)	Delta (% change 21 over 20)	Delta (% change 22 over 21)
April	9,982	6,728	9,739	37.1%	-32.6%	44.8%
May	18,414	13,739	12,977	43.4%	-25.4%	-5.5%
June	32,241	28,869	30,009	94.1%	-10.5%	4.0%
July	21,509	22,986	20,435	6.4%	6.9%	-11.1%
August	23,555	27,040	27,821	26.4%	14.8%	2.9%
September	20,057	25,366	31,001	14.7%	26.5%	22.2%
October	17,272	22,776	21,606	11.6%	31.9%	-5.1%
November	26,221	19,159	27,177	76.5%	-26.9%	41.8%
December	25,080	24,383	24,466	37.5%	-2.8%	0.3%
January	20,623	21,390	21,957	18.4%	3.7%	2.7%
February	18,533	22,425		1.8%	21.0%	
March	25,409	43,417		-32.2%	70.9%	

Source: Life Insurance Council, IRDAI

Figure 2: First Year Premium Growth of Life Insurance Companies (Rs cr)

Insurer	For Jan 2020	For Jan 2021	For Jan 2022	Jan 2021 Growth in %	Jan 2022 Growth in %	10M FY20	10M FY21	10M FY22	10M FY21 Growth %	10M FY22 Growth %
Private Total	7,152.1	8,246.1	9,020.8	15.3%	9.4%	64,448.2	69,288.0	88,237.6	7.5%	27.3%
Individual Single Premium	852.4	1,263.5	1,354.6	48.2%	7.2%	7,178.9	10,158.0	13,128.5	41.5%	29.2%
Individual Non-Single Premium	4,160.0	4,416.8	4,722.5	6.2%	6.9%	33,402.0	31,660.5	40,111.4	-5.2%	26.7%
Group Single Premium	1,762.9	2,130.6	2,364.3	20.9%	11.0%	19,899.8	22,962.4	29,436.2	15.4%	28.2%
Group Non-Single Premium	24.1	24.2	14.1	0.2%	-41.8%	145.2	236.3	290.0	62.8%	22.7%
Group Yearly Renewable Premium	352.7	410.9	565.2	16.5%	37.6%	3,822.3	4,270.8	5,271.6	11.7%	23.4%
LIC of India	13,470.9	13,143.7	12,936.3	-2.4%	-1.6%	1,50,505.8	1,43,148.1	1,38,951.3	-4.9%	-2.9%
Individual Single Premium	2,080.9	1,755.9	1,926.6	-15.6%	9.7%	19,966.0	24,763.1	18,597.9	24.0%	-24.9%
Individual Non-Single Premium	4,976.7	2,656.0	2,832.7	-46.6%	6.7%	25,344.8	20,150.6	21,987.3	-20.5%	9.1%
Group Single Premium	5,943.6	8,630.8	7,903.8	45.2%	-8.4%	77,969.3	92,677.5	95,235.4	18.9%	2.8%
Group Non-Single Premium	415.9	55.8	206.7	-86.6%	270.2%	26,647.2	5,072.1	2,115.7	-81.0%	-58.3%
Group Yearly Renewable Premium	53.7	45.1	66.5	-16.0%	47.2%	578.5	484.8	1,015.0	-16.2%	109.4%
Grand Total	20,623.0	21,389.7	21,957.0	3.7%	2.7%	2,14,954.0	2,12,436.1	2,27,188.9	-1.2%	6.9%
Individual Single Premium	2,933.3	3,019.4	3,281.3	2.9%	8.7%	27,144.9	34,921.1	31,726.4	28.6%	-9.1%
Individual Non-Single Premium	9,136.7	7,072.8	7,555.2	-22.6%	6.8%	58,746.9	51,811.1	62,098.7	-11.8%	19.9%
Group Single Premium	7,706.5	10,761.4	10,268.1	39.6%	-4.6%	97,869.1	1,15,639.9	1,24,671.6	18.2%	7.8%
Group Non-Single Premium	440.1	80.0	220.8	-81.8%	175.9%	26,792.4	5,308.4	2,405.6	-80.2%	-54.7%
Group Yearly Renewable Premium	406.4	456.0	631.7	12.2%	38.5%	4,400.7	4,755.7	6,286.6	8.1%	32.2%

Source: Life Insurance Council

- LIC's first year premium showed a decline of 16% in January 2022 compared to a drop of 20.3% in December and a growth of 32% in November 2021 and decrease of 2.4% in January 2021, while private insurers continued to grow by 9.4% in January 2022 compared to a robust 29.8% in December 2020, a 58.6% growth in November 2021 and 15.3% in January 2021. For 10M FY22, LIC reported a drop of 2.9% vs. a significantly higher growth of 27.3% reported by the private companies.
- LIC continues to maintain its dominant share in the first-year premium for 10M FY22 (LIC share of 61.2% vs. 38.8% share of private companies). Private sector has continued to gain market share, given that it has been growing at a faster pace compared to LIC.

Figure 3: Movement in Premium Type (Rs crore) of Life Insurance Companies

Premium Type	For Jan 2020	For Jan 2021	For Jan 2022	Jan 2021 Growth in %	Jan 2022 Growth in %	10M FY20	10M FY21	10M FY22	10M FY21 Growth %	10M FY22 Growth %
Single	10,639.8	13,780.8	13,549.4	29.5%	-1.7%	1,25,014.0	1,50,561.0	1,56,397.9	20.4%	3.9%
Non-Single	9,983.2	7,608.9	8,407.7	-23.8%	10.5%	89,940.0	61,875.1	70,791.0	-31.2%	14.4%

Source: Life Insurance Council

- For January 2022, non-single premiums grew by 10.5%, while single premiums reported a drop of 1.7%, which is a reversal compared to the last year, when single premiums reported a rise and non-single premiums reported a drop. Interestingly, non-single premiums for January 2022 remain below the base level of January 2020, while single premiums show a sharp increase. For 10M FY22, non-single premiums have grown at a significantly faster pace given the insurance companies now focus on protection plans (further given that an increase in the term plan rates is being implemented). Single premiums continue to account for a substantial portion of the overall premiums. The share of single premiums has grown from 58% for 10M FY20 to 69% in 10M FY22.
- 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. LIC has revised the rates for its annuity rates of Jeevan Akshay VII and New Jeevan Shanti plans and has also made them available at Common Public Service Centres, which is likely to increase their availability. Meanwhile, 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.

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

Premium Type	For Jan 2020	For Jan 2021	For Jan 2022	Jan 2021 Growth in %	Jan 2022 Growth in %	10M FY20	10M FY21	10M FY22	10M FY21 Growth %	10M FY22 Growth %
Individual	12,070.0	10,092.3	10,836.5	-16.4%	7.4%	85,891.8	86,732.2	93,825.1	1.0%	8.2%
Group	8,553.0	11,297.4	11,120.5	32.1%	-1.6%	1,29,062.2	1,25,703.9	1,33,363.8	-2.6%	6.1%

Source: Life Insurance Council

- For January 2022, the group premiums fell by 1.6% (vs an increase of 32.1% in January 2021), while individual premiums grew by 7.4% in January 2022 compared to a decrease of 16.4% in January 2021. Meanwhile, the 10M FY22 individual premiums reported a higher growth of 8.2% vs. an increase of 1.0% witnessed in 10M FY21, while a reverse trend was observed in group premiums which grew at 6.1% vs a fall of 52.6% for 10M FY21. Individual premiums have gained market share by around 45 bps in 10M FY22 vs last year but continue to remain smaller in size compared to group premiums.

Figure 5: Movement in Sum Assured (Rs lakh crore) of Life Insurance Companies

Sum Assured	For Jan 2020	For Jan 2021	For Jan 2022	Jan 2021 Growth in %	Jan 2022 Growth in %	10M FY20	10M FY21	10M FY22	10M FY21 Growth %	10M FY22 Growth %
Private	3.8	4.1	4.8	6.1%	18.9%	33.2	31.0	38.2	-6.4%	22.9%
LIC	1.7	0.9	0.9	-44.8%	-2.8%	7.0	5.6	7.9	-19.5%	39.7%
Total	5.5	5.0	5.7	-9.2%	15.0%	40.2	36.7	46.0	-8.7%	25.5%

Source: IRDAI

The private companies have continued on their growth path, LIC has continued its growth march vs. comparable periods in the last year. However, LIC's share remains small, given the private companies focus on protection plans.

Concluding remarks

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP, consequently the First Year Premium of life insurers is likely to grow in line with the growth in nominal GDP. The growth drivers include the rising share of digital channels, the positive demographics and market under penetration. The life insurance sector witnessed significant claims in the earlier part of the year due to the second wave of the pandemic and profitability suffered as companies made provisions/ reserves to alleviate the impact of the claims. H2FY22 is expected to grow with a focus on nonparticipating and annuity plans. Cost of retail protection has increased with several companies increasing the rates. Key risks include delay in the economic recovery, resurgence of covid cases, given the recent mutations.

Annexure

Figure 6: Company wise share in First Year Premium - Rs crores

Insurer	10M FY20	10M FY21	10M FY22	Mkt Sh. 10MFY20	Mkt Sh. 10MFY21	Mkt Sh. 10MFY22
Aditya Birla Sun Life	2,763.6	3,490.8	4,210.2	1.3%	1.6%	1.9%
Aegon Life	75.1	55.8	16.0	0.0%	0.0%	0.0%
Ageas Federal Life	443.4	458.3	614.7	0.2%	0.2%	0.3%
Aviva Life	183.7	149.5	203.7	0.1%	0.1%	0.1%
Bajaj Allianz Life	4,132.3	4,328.4	6,584.1	1.9%	2.0%	2.9%
Bharti Axa Life	682.5	575.8	694.8	0.3%	0.3%	0.3%
Canara HSBC OBC Life	1,258.4	1,743.7	2,149.0	0.6%	0.8%	0.9%
Edelweiss Tokio Life	290.9	304.7	328.8	0.1%	0.1%	0.1%
Exide Life	688.7	525.0	761.8	0.3%	0.2%	0.3%
Future Generali Life	642.5	312.0	321.4	0.3%	0.1%	0.1%
HDFC Life	13,755.6	15,355.2	19,060.3	6.4%	7.2%	8.4%
ICICI Prudential Life	9,220.9	9,138.1	11,504.5	4.3%	4.3%	5.1%
India First Life	1,453.6	1,513.3	2,097.0	0.7%	0.7%	0.9%
Kotak Mahindra Life	3,888.7	3,341.6	4,198.0	1.8%	1.6%	1.8%
Max Life	4,248.3	4,881.9	5,815.4	2.0%	2.3%	2.6%
PNB Met Life	1,414.0	1,374.5	1,763.7	0.7%	0.6%	0.8%
Pramerica Life	459.0	178.7	229.4	0.2%	0.1%	0.1%
Reliance Nippon Life	800.2	809.5	984.5	0.4%	0.4%	0.4%
Sahara Life	-	-	-	0.0%	0.0%	0.0%
SBI Life	14,382.5	16,313.6	20,741.6	6.7%	7.7%	9.1%
Shriram Life	556.3	601.6	700.7	0.3%	0.3%	0.3%
Star Union Dai-ichi Life	608.6	837.4	1,438.1	0.3%	0.4%	0.6%
Tata AIA Life	2,499.6	2,998.8	3,820.1	1.2%	1.4%	1.7%
Private Total	64,448.2	69,288.0	88,237.6	30.0%	32.6%	38.8%
LIC of India	1,50,505.8	1,43,148.1	1,38,951.3	70.0%	67.4%	61.2%
Grand Total	2,14,954.0	2,12,436.1	2,27,188.9	100.0%	100.0%	100.0%

Source: Life Insurance Council

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