

Life Insurance First Year Monthly Premiums – February numbers return to strong growth due to Single Premiums



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Overview

First Year Premium of life insurers reported a strong y-o-y growth rate of 22.5% in February 2022 and 2.7% in January 2022 after increasing marginally by 0.3% in December 2021 and reached Rs 27,465 crores from Rs. 22,425 crores in February 2021. The robust growth in monthly numbers can be attributed to an increase in single premiums both individual and group in the penultimate month of the financial year (with individuals undertaking tax planning measures), with LIC substantially outpacing its private peers for the month.

For 11M FY22, the life insurance sector's first year premium grew by 8.4% compared to a marginal increase of 0.6% for 11M 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	27,465	1.8%	21.0%	22.5%
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 Feb 2020	For Feb 2021	For Feb 2022	Feb 2021 Growth in %	Feb 2022 Growth in %	11M FY20	11M FY21	11M FY22	11M FY21 Growth %	11M FY22 Growth %
Private Total	8,128.5	9,504.6	9,975.4	16.9%	5.0%	72,576.7	78,792.7	98,212.9	8.6%	24.6%
Individual Single Premium	924.9	1,435.6	1,580.4	55.2%	10.1%	8,103.8	11,593.6	14,708.9	43.1%	26.9%
Individual Non-Single Premium	3,632.3	4,437.0	4,593.9	22.2%	3.5%	37,034.3	36,097.5	44,705.2	-2.5%	23.8%
Group Single Premium	2,127.4	2,896.1	3,093.2	36.1%	6.8%	22,027.2	25,858.5	32,529.3	17.4%	25.8%
Group Non-Single Premium	43.4	18.8	66.5	-56.7%	253.9%	188.5	255.1	356.4	35.3%	39.7%
Group Yearly Renewable Premium	1,400.6	717.1	641.4	-48.8%	-10.6%	5,222.8	4,988.0	5,913.0	-4.5%	18.5%
LIC of India	10,404.7	12,920.6	17,489.3	24.2%	35.4%	1,60,910.5	1,56,068.6	1,56,440.6	-3.0%	0.2%
Individual Single Premium	888.6	1,563.6	2,189.3	76.0%	40.0%	20,854.6	26,326.7	20,787.2	26.2%	-21.0%
Individual Non-Single Premium	2,236.0	2,387.2	2,527.3	6.8%	5.9%	27,580.8	22,537.9	24,514.6	-18.3%	8.8%
Group Single Premium	6,726.4	8,598.0	12,062.2	27.8%	40.3%	84,695.7	1,01,275.4	1,07,297.5	19.6%	5.9%
Group Non-Single Premium	537.5	227.2	556.5	-57.7%	145.0%	27,184.8	5,299.2	2,672.1	-80.5%	-49.6%
Group Yearly Renewable Premium	16.2	144.6	154.1	792.2%	6.6%	594.7	629.5	1,169.2	5.8%	85.7%
Grand Total	18,533.2	22,425.2	27,464.8	21.0%	22.5%	2,33,487.2	2,34,861.3	2,54,653.6	0.6%	8.4%
Individual Single Premium	1,813.4	2,999.2	3,769.7	65.4%	25.7%	28,958.4	37,920.3	35,496.1	30.9%	-6.4%
Individual Non-Single Premium	5,868.3	6,824.2	7,121.2	16.3%	4.4%	64,615.1	58,635.3	69,219.9	-9.3%	18.1%
Group Single Premium	8,853.8	11,494.1	15,155.4	29.8%	31.9%	1,06,722.9	1,27,134.0	1,39,826.8	19.1%	10.0%
Group Non-Single Premium	580.9	246.0	622.9	-57.7%	153.3%	27,373.3	5,554.3	3,028.6	-79.7%	-45.5%
Group Yearly Renewable Premium	1,416.8	861.7	795.6	-39.2%	-7.7%	5,817.5	5,617.4	7,082.2	-3.4%	26.1%

Source: Life Insurance Council

- LIC's first year premium showed a robust growth of 35.4% in February 2022 compared to a drop of 16% in January 2022 and 20.3% in December 2021 and an increase of 24.2% in February 2021, while private insurers grew at a slower pace of 5% in February 2022 compared to 9.4% in January 2022 and 29.8% in December 2021, and 16.9% in February 2021. For 11M FY22, LIC's growth rate turned marginally positive at 0.2% vs. a significantly higher growth of 24.6% reported by the private companies.
- LIC continues to maintain its dominant share in the first-year premium for 11M FY22 (LIC share of 61.4% vs. 38.6% 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 Feb 2020	For Feb 2021	For Feb 2022	Feb 2021 Growth in %	Feb 2022 Growth in %	11M FY20	11M FY21	11M FY22	11M FY21 Growth %	11M FY22 Growth %
Single	10,667.2	14,493.3	18,925.1	35.9%	30.6%	1,35,681.2	1,65,054.2	1,75,322.9	21.6%	6.2%
Non-Single	7,866.0	7,931.9	8,539.7	0.8%	7.7%	97,806.0	69,807.1	79,330.6	-28.6%	13.6%

Source: Life Insurance Council

- For February 2022, non-single premiums grew by 7.7%, while single premiums reported a significantly stronger rate of 30.6%, which is in line with the last year. For 11M FY22, non-single premiums have grown at a faster pace of 13.6% given the insurance companies now focus on protection plans (further given that an increase in the term plan rates have been implemented by a few insurance companies). Single premiums continue to account for a substantial portion of the overall premiums. The share of single premiums has grown from 58% for 11M FY20 to 69% in 11M 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. With the financial year drawing to a close, premium growth can also be attributed to individuals have undertaken tax planning measures. Growth of single premiums can also be attributed to LIC revising the annuity rates of Jeevan Akshay VII and New Jeevan Shanti plans. 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 Feb 2020	For Feb 2021	For Feb 2022	Feb 2021 Growth in %	Feb 2022 Growth in %	11M FY20	11M FY21	11M FY22	11M FY21 Growth %	11M FY22 Growth %
Individual	7,681.7	9,823.4	10,890.9	27.9%	10.9%	93,573.5	96,555.6	1,04,716.0	3.2%	8.5%
Group	10,851.5	12,601.8	16,573.9	16.1%	31.5%	1,39,913.7	1,38,305.7	1,49,937.6	-1.1%	8.4%

Source: Life Insurance Council

- For February 2022, the group premiums increased by 31.5% which is nearly double the growth rate of 16.1% recorded in February 2021, while individual premiums grew by 10.9% in February 2022 less than half the growth rate of 27.9% logged in February 2021. Meanwhile, the 11M FY22 individual premiums reported a higher growth of 8.5% vs. an increase of 3.2% witnessed in 11M FY21, while group premiums grew at 8.4% vs a fall of 1.1% for 11M FY21. Individual premiums have held on to its market share in 11M 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 Feb 2020	For Feb 2021	For Feb 2022	Feb 2021 Growth in %	Feb 2022 Growth in %	11M FY20	11M FY21	11M FY22	11M FY21 Growth %	11M FY22 Growth %
Private	3.7	3.8	4.0	2.6%	4.1%	36.9	34.9	42.1	-5.5%	20.9%
LIC	0.5	0.7	0.7	65.6%	-4.5%	7.5	6.4	8.6	-14.4%	34.6%
Total	4.2	4.6	4.7	9.4%	2.7%	44.4	41.3	50.7	-7.0%	23.0%

Source: IRDAI

The private companies have continued their growth path, meanwhile LIC reported a drop in Sum assured for the month of February 2022 (compared to a strong growth in premiums for the same month) given that a preponderance of policies has been towards single premium/ annuity plans. LIC's share remains small, given the private companies focus on protection plans, however, LIC for the 11M FY22 period has improved its share in the sum assured compared to 11M FY21 by nearly 150 bps.

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	11M FY20	11M FY21	11M FY22	Mkt Sh. 11MFY20	Mkt Sh. 11MFY21	Mkt Sh. 11MFY22
Aditya Birla Sun Life	3,176.2	3,851.2	4,655.2	1.4%	1.6%	1.8%
Aegon Life	82.0	58.6	16.4	0.0%	0.0%	0.0%
Ageas Federal Life	489.5	530.9	682.4	0.2%	0.2%	0.3%
Aviva Life	202.1	178.7	229.5	0.1%	0.1%	0.1%
Bajaj Allianz Life	4,593.4	5,021.3	7,463.6	2.0%	2.1%	2.9%
Bharti Axa Life	750.7	652.0	774.0	0.3%	0.3%	0.3%
Canara HSBC OBC Life	1,378.5	1,930.7	2,447.1	0.6%	0.8%	1.0%
Edelweiss Tokio Life	334.1	348.3	376.4	0.1%	0.1%	0.1%
Exide Life	783.5	607.7	842.1	0.3%	0.3%	0.3%
Future Generali Life	696.7	383.6	354.4	0.3%	0.2%	0.1%
HDFC Life	15,336.0	17,251.2	21,136.7	6.6%	7.3%	8.3%
ICICI Prudential Life	11,364.8	10,875.1	12,844.8	4.9%	4.6%	5.0%
India First Life	1,603.3	1,698.8	2,308.1	0.7%	0.7%	0.9%
Kotak Mahindra Life	4,361.1	3,981.9	4,770.2	1.9%	1.7%	1.9%
Max Life	4,808.2	5,613.7	6,510.8	2.1%	2.4%	2.6%
PNB Met Life	1,589.0	1,597.8	2,013.3	0.7%	0.7%	0.8%
Pramerica Life	493.1	201.9	257.3	0.2%	0.1%	0.1%
Reliance Nippon Life	896.3	911.9	1,120.2	0.4%	0.4%	0.4%
Sahara Life	-	-	-	0.0%	0.0%	0.0%
SBI Life	15,464.3	18,064.3	22,613.4	6.6%	7.7%	8.9%
Shriram Life	620.8	701.5	773.1	0.3%	0.3%	0.3%
Star Union Dai-ichi Life	696.3	978.8	1,707.7	0.3%	0.4%	0.7%
Tata AIA Life	2,856.8	3,352.9	4,316.5	1.2%	1.4%	1.7%
Private Total	72,576.7	78,792.7	98,212.9	31.1%	33.5%	38.6%
LIC of India	1,60,910.5	1,56,068.6	1,56,440.6	68.9%	66.5%	61.4%
Grand Total	2,33,487.2	2,34,861.3	2,54,653.6	100.0%	100.0%	100.0%

Source: Life Insurance Council

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