

## Life Insurance First Year Monthly Premium – September numbers record strong growth with private players leading the way.

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### Overview

First Year Premium of life insurers grew at a much sharper rate of 22.2% in September 2021 vs a much more modest rate of 2.9% in August 2021 to reach Rs 31,001 crores from Rs. 25,366 crores in September 2020. The growth can be attributed to a rise in the individual non-single premiums and group single premiums for September 2021.

For H1 FY22, the life insurance sector reported a growth rate of 5.8% compared to the drop of 0.8% for H1 FY21. Due to the Covid-19 pandemic lockdown and resultant impact, premiums were lower in the Q1FY21 and resultant different growth after the same, base effect may also be possible in monthly FY22 numbers. Hence, if we look at the two-year CAGR performance, private players have continued to show a strong growth momentum.

**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		11.6%	31.9%	
November	26,221	19,159		76.5%	-26.9%	
December	25,080	24,383		37.5%	-2.8%	
January	20,623	21,390		18.4%	3.7%	
February	18,533	22,425		1.8%	21.0%	
March	25,409	43,417		-32.2%	70.9%	

Source: Life Insurance Council

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

Insurer	For Sep 2019	For Sep 2020	For Sep 2021	Sep 2020 Growth in %	Sep 2021 Growth in %	H1 FY20	H1 FY21	YH1 FY22	H1 FY21 Growth %	H1 FY22 Growth %
<b>Private Total</b>	<b>7,297.5</b>	<b>8,763.5</b>	<b>12,481.0</b>	<b>20.1%</b>	<b>42.4%</b>	<b>35,777.9</b>	<b>36,709.6</b>	<b>46,869.3</b>	<b>2.6%</b>	<b>27.7%</b>
Individual Single Premium	698.1	1,216.4	1,681.8	74.2%	38.3%	4,011.3	5,445.7	7,280.3	35.8%	33.7%
Individual Non-Single Premium	3,594.4	3,674.1	4,957.5	2.2%	34.9%	17,686.9	15,487.8	20,404.1	-12.4%	31.7%
Group Single Premium	2,665.6	3,155.2	5,093.9	18.4%	61.4%	11,761.2	13,333.8	15,824.9	13.4%	18.7%
Group Non-Single Premium	34.4	13.5	18.3	-60.8%	35.6%	79.8	61.9	127.9	-22.5%	106.7%
Group Yearly Renewable Premium	305.0	704.4	729.5	130.9%	3.6%	2,238.8	2,380.5	3,232.1	6.3%	35.8%
<b>LIC of India</b>	<b>12,759.3</b>	<b>16,602.8</b>	<b>18,520.2</b>	<b>30.1%</b>	<b>11.5%</b>	<b>89,980.2</b>	<b>88,018.0</b>	<b>85,112.6</b>	<b>-2.2%</b>	<b>-3.3%</b>
Individual Single Premium	978.2	2,657.6	2,292.2	171.7%	-13.7%	13,656.5	15,048.4	10,100.6	10.2%	-32.9%
Individual Non-Single Premium	2,055.2	1,991.6	2,523.9	-3.1%	26.7%	11,211.2	10,857.4	11,805.3	-3.2%	8.7%
Group Single Premium	8,714.3	11,366.2	13,367.1	30.4%	17.6%	44,626.3	57,969.2	61,741.3	29.9%	6.5%
Group Non-Single Premium	696.5	442.6	191.2	-36.5%	-56.8%	20,021.7	3,863.3	805.4	-80.7%	-79.2%
Group Yearly Renewable Premium	315.1	144.9	145.8	-54.0%	0.6%	464.5	279.9	660.0	-39.8%	135.8%
<b>Grand Total</b>	<b>20,056.7</b>	<b>25,366.3</b>	<b>31,001.2</b>	<b>26.5%</b>	<b>22.2%</b>	<b>1,25,758.1</b>	<b>1,24,727.7</b>	<b>1,31,981.9</b>	<b>-0.8%</b>	<b>5.8%</b>
Individual Single Premium	1,676.2	3,873.9	3,974.0	131.1%	2.6%	17,667.7	20,494.0	17,380.8	16.0%	-15.2%
Individual Non-Single Premium	5,649.6	5,665.7	7,481.4	0.3%	32.0%	28,898.1	26,345.2	32,209.4	-8.8%	22.3%
Group Single Premium	11,379.8	14,521.4	18,461.0	27.6%	27.1%	56,387.4	71,302.9	77,566.3	26.5%	8.8%
Group Non-Single Premium	730.9	456.0	209.5	-37.6%	-54.1%	20,101.5	3,925.1	933.3	-80.5%	-76.2%
Group Yearly Renewable Premium	620.1	849.3	875.3	37.0%	3.1%	2,703.4	2,660.4	3,892.1	-1.6%	46.3%

Source: Life Insurance Council

- LIC's first year premium increased by 11.5% in September 2021 compared to a stronger growth of 30.1% in September 2020, while private companies grew by a robust 42.4% in September 2021 after witnessing a slower growth rate of 20.1% in September 2020. For H1 FY22, LIC reported a drop of 3.3% vs. the significantly higher growth of 27.7% reported by the private companies.

- LIC continues to maintain its dominant share in the first-year premium for H1 FY22 (LIC share of 64.5% vs. 35.5% 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 Sep 2019	For Sep 2020	For Sep 2021	Sep 2020 Growth in %	Sep 2021 Growth in %	H1 FY20	H1 FY21	YH1 FY22	H1 FY21 Growth %	H1 FY22 Growth %
Single	13,056.1	18,395.3	22,435.0	40.9%	22.0%	74,055.2	91,796.9	94,947.1	24.0%	3.4%
Non-Single	7,000.6	6,971.0	8,566.2	-0.4%	22.9%	51,702.9	32,930.7	37,034.8	-36.3%	12.5%

Source: Life Insurance Council

- For September 2021, non-single premiums grew by 22.9% which was higher by 90 bps compared to the growth reported by the single premiums. For H1FY22, Non-single premiums have grown at a faster pace given the private companies focus on protection plans. As per channel discussions, lower interest rates have marginally impacted individual single premiums. However, single premiums continue to account for a substantial portion of the overall premiums. The share of single premiums has grown from 59% for H1 FY20 to 72% in H1 FY22.
- The private sector has a larger share in the non-single sub-segment (given their focus on individual premiums), while LIC continues to dominate the single premium sub-segment.
- Generally, 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 Sep 2019	For Sep 2020	For Sep 2021	Sep 2020 Growth in %	Sep 2021 Growth in %	H1 FY20	H1 FY21	YH1 FY22	H1 FY21 Growth %	H1 FY22 Growth %
Individual	7,325.8	9,539.6	11,455.4	30.2%	20.1%	46,565.8	46,839.3	49,590.2	0.6%	5.9%
Group	12,730.9	15,826.7	19,545.8	24.3%	23.5%	79,192.3	77,888.4	82,391.6	-1.6%	5.8%

Source: Life Insurance Council

- For September 2021, the group premiums grew at 23.5% (vs 24.3% in September 2020), while a reverse trend was observed in individual premiums, which grew by 20.1% in September 2021 compared to a rise of 30.2% in September 2020 in individual premiums. Meanwhile, the H1FY FY22 individual premiums reported a growth of 5.9% vs. a marginal increase of 0.6% witnessed in H1 FY21, while group premiums grew at 1.8% vs the decline of 1.6% for H1 FY21.
- While the Individual premiums has eked out an increase of 60bps increase in its market share over the last year, it continues to remain significantly smaller in size compared to group premiums. This increase in individual premiums can be accounted by the non-single premium sub-segment, especially in the private sector, however a fall in individual single premiums has offset a part of this increase.

We have seen a gradual pick-up in growth in the Q2FY22, with a focus on Annuity, non-par and ULIPs. Given the increasing share of digital channels, the demographics and market under penetration, continued easing of restrictions and opening of the economy, the life insurance premiums are expected to witness improvement in FY22. Key risks include delay in the economic recovery, resurgence of covid cases i.e., a third wave could negatively impact premium growth. While a rise in the premium rates of term plans is anticipated given the claims experience and push back from reinsurers, it is likely to be passed on in a staggered manner.

In Q1FY22, the growth in premiums albeit muted was driven by unit-linked products and protection plans. However, the life insurance sector witnessed significant claims in Q1FY22 due to the second wave of the pandemic and profitability suffered as companies made provisions/ reserves to alleviate the impact of the claims. In Q2FY22, while covid claims are likely to remain elevated, the impact should be minimised vs the first quarter.

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