

## Life Insurance First Year Monthly Premium reports strong growth numbers in February 2021. Overall industry growth turns positive with single premiums leading the way.

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### Overview

In the penultimate month of the financial year, the life insurance sector maintained its growth momentum in February 2021 after witnessing a drop in the last two months of the calendar year 2020. First Year Premium of life insurers witnessed a double-digit growth of 21% in the month of February 2021 to Rs. 22,425 crores compared to Rs. 18,533 crores in February 2020. The growth continued to be driven by an expansion in single premiums however, a fall in non-single premiums restricted this increase.

The premium vis-à-vis sum assured pattern continues to indicate the preference for life insurance products as an investment tool than just as a pure protection plan. Premiums for single premium policies (primarily investment oriented) accounted for a significant portion of the premium in YTD February 2021 and increased compared to yoy levels; however, non-single policies witnessed a fall vs. a double-digit growth witnessed in YTD February 2020.

Premiums had increased substantially in FY20 as some high yield policies were to be withdrawn in November 2019 but were finally withdrawn in January 2020.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 15.1% for two years ended YTD Feb FY21 albeit with very high increase in YTD Feb FY20, and a relative correction in YTD Feb FY21 (for the industry). LIC too grew at a CAGR of 15.3% for the same period.

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

Month	Premium in FY19 (Rs cr.)	Premium in FY20 (Rs. cr.)	Premium in FY21 (Rs cr.)	Delta (% change 20 over 19)	Delta (% change 21 over 20)
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%
December	18,238	25,080	24,383	37.5%	-2.8%
January	17,420	20,623	21,390	18.4%	3.7%
February	18,210	18,533	22,425	1.8%	21.0%

Source: IRDAI, CMIE

With monthly numbers showing a strong growth for February 2021, the YTD numbers too have returned to positive territory, reporting a much more modest rise in first year premium collection. The sector reported an increase of 0.6% in first year premium to Rs. 2,34,861.3 crores in YTD February FY21 from Rs. 2,33,487.2 crores in YTD February FY20 (compared to an increase of 31.8% reported in YTD February FY20).

Furthermore, the overall sum assured declined by 7% from Rs 44.4 lakh crore in YTD February FY20 to Rs. 41.8 lakh crore in YTD February FY21 (compared to an increase of 20.9% reported in YTD February FY20).

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

Insurer	For Feb 2019	For Feb 2020	For Feb 2021	Feb 2020 Growth in %	Feb 2021 Growth in %	YTD Feb FY19	YTD Feb FY20	YTD Feb FY21	YTD Feb FY20 Growth in %	YTD Feb FY21 Growth in %	Market Share YTD Feb FY20	Market Share YTD Feb FY21
<b>Private Total</b>	<b>6,153.7</b>	<b>8,128.5</b>	<b>9,504.6</b>	<b>32.1%</b>	<b>16.9%</b>	<b>59,798.8</b>	<b>72,576.7</b>	<b>78,792.7</b>	<b>21.4%</b>	<b>8.6%</b>	<b>31.1%</b>	<b>33.5%</b>
Individual Single Premium	774.3	924.9	1,435.6	19.4%	55.2%	6,087.6	8,103.8	11,593.6	33.1%	43.1%	28.0%	30.6%
Individual Non-Single Premium	3,504.3	3,632.3	4,437.0	3.7%	22.2%	32,563.9	37,034.3	36,097.5	13.7%	-2.5%	57.3%	61.6%
Group Single Premium	1,526.7	2,127.4	2,896.1	39.3%	36.1%	17,900.8	22,027.2	25,858.5	23.1%	17.4%	20.6%	20.3%
Group Non-Single Premium	55.0	43.4	18.8	-21.2%	-56.7%	293.4	188.5	255.1	-35.7%	35.3%	0.7%	4.6%
Group Yearly Renewable Premium	293.3	1,400.6	717.1	377.4%	-48.8%	2,953.0	5,222.8	4,987.9	76.9%	-4.5%	89.8%	88.8%
<b>LIC of India</b>	<b>12,055.8</b>	<b>10,404.7</b>	<b>12,920.6</b>	<b>-13.7%</b>	<b>24.2%</b>	<b>1,17,414.8</b>	<b>1,60,910.5</b>	<b>1,56,068.6</b>	<b>37.0%</b>	<b>-3.0%</b>	<b>68.9%</b>	<b>66.5%</b>
Individual Single Premium	2,100.8	888.5	1,563.6	-57.7%	76.0%	20,813.3	20,854.5	26,326.7	0.2%	26.2%	72.0%	69.4%
Individual Non-Single Premium	2,297.1	2,236.0	2,387.2	-2.7%	6.8%	21,936.4	27,580.8	22,537.9	25.7%	-18.3%	42.7%	38.4%
Group Single Premium	7,119.7	6,726.4	8,598.0	-5.5%	27.8%	72,566.9	84,695.7	1,01,275.4	16.7%	19.6%	79.4%	79.7%
Group Non-Single Premium	505.5	537.5	227.2	6.3%	-57.7%	1,118.8	27,184.8	5,299.2	2329.8%	-80.5%	99.3%	95.4%
Group Yearly Renewable Premium	32.7	16.2	144.6	-50.5%	792.2%	979.4	594.7	629.5	-39.3%	5.8%	10.2%	11.2%
<b>Grand Total</b>	<b>18,209.5</b>	<b>18,533.2</b>	<b>22,425.2</b>	<b>1.8%</b>	<b>21.0%</b>	<b>1,77,213.6</b>	<b>2,33,487.2</b>	<b>2,34,861.3</b>	<b>31.8%</b>	<b>0.6%</b>		
Individual Single Premium	2,875.1	1,813.4	2,999.2	-36.9%	65.4%	26,900.9	28,958.3	37,920.3	7.6%	30.9%		
Individual Non-Single Premium	5,804.4	5,868.3	6,824.2	1.2%	16.3%	54,500.3	64,615.1	58,635.3	18.6%	-9.3%		
Group Single Premium	8,646.5	8,853.8	11,494.1	2.4%	29.8%	90,467.7	1,06,722.9	1,27,134.0	18.0%	19.1%		
Group Non-Single Premium	560.5	580.9	246.0	3.6%	-57.7%	1,412.2	27,373.3	5,554.3	1838.3%	-79.7%		
Group Yearly Renewable Premium	326.1	1,416.8	861.7	334.5%	-39.2%	3,932.4	5,817.5	5,617.4	47.9%	-3.4%		

Source: IRDAI

- LIC's first year premium decreased by 3% in YTD February FY21 compared to growth of 37% in YTD February FY20. On the other hand, private companies reported a growth of 8.5% in YTD February FY21 versus growth of 21.4% in YTD February FY20. Interestingly, LIC grew at a CAGR of 15.3% between YTD Feb FY19 and YTD Feb FY21 compared to industry's growth of 15.1% and private sector growth of 14.8% for the same period.
- Single Premium growth has continued to be a strong support for the overall premium growth for the year, given the current interest rate scenario. Group single premiums grew by 19.8% in YTD February 2021 vs. a growth of 18% in YTD February 2020. It should be noted that approximately half of the group single premium is accounted for by premiums for pensions. Individual single premiums grew by 30.9% in YTD February 2021 vs. a growth of 7.6% in YTD February 2020.

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

Premium type	For Feb 2019	For Feb 2020	For Feb 2021	Feb 2020 Growth in %	Feb 2021 Growth in %	YTD Feb FY19	YTD Feb FY20	YTD Feb FY21	YTD Feb FY20 Growth in %	YTD Feb FY21 Growth in %	Market Share YTD Feb FY20	Market Share YTD Feb FY21
Single	11,521.6	10,667.2	14,493.3	-7.4%	35.9%	1,17,368.6	1,35,681.2	1,65,054.2	15.6%	21.6%	58%	70%
Non-Single	6,687.9	7,866.0	7,931.9	17.6%	0.8%	59,845.0	97,806.0	69,807.1	63.4%	-28.6%	42%	30%

Source: IRDAI

- LIC continues to maintain its dominant share in the first-year premium for YTD February FY21 (LIC share of 66.5% vs. 33.5% share of private companies).
- In Sum Assured, private companies have a share of 84.5% in YTD February FY21 (vs 83.2% in YTD February FY20) due to their focus on pure protection plans and a strong digital presence. On the other hand, LIC has reported stronger growth of 65.3% for the month of February 2021 vs a much lower number of 2.6% for private companies. But it should be noted that in absolute terms as far as sum assured is concerned, private companies are significantly ahead of LIC.

**Figure 4: Movement in Sum Assured (Rs lakh crore) of Life Insurance Companies**

Insurer	For Feb 2019	For Feb 2020	For Feb 2021	Feb 2020 Growth in %	Feb 2021 Growth in %	YTD Feb FY19	YTD Feb FY20	YTD Feb FY21	YTD Feb FY20 Growth in %	YTD Feb FY21 Growth in %	Market Share YTD Feb FY20	Market Share YTD Feb FY21
Private	2.8	3.7	3.8	34.8%	2.6%	28.1	36.9	34.9	31.4%	-5.5%	83.2%	84.5%
LIC of India	0.6	0.5	0.7	-27.9%	65.3%	8.6	7.5	6.4	-13.4%	-14.4%	16.8%	15.5%
Grand Total	3.4	4.2	4.6	23.2%	9.3%	36.7	44.4	41.3	20.9%	-7.0%	100%	100%

Source: IRDAI

- It should also be noted that premiums have held steady vs. the fall in sum assured indicating that a larger share of the premiums has been towards investment products rather than protection products. This trend has been noticed for both private companies as well as LIC.

**Figure 5: Movement in Premium Type (Rs crore) of Life Insurance Companies**

Premium type	For Feb 2019	For Feb 2020	For Feb 2021	Feb 2020 Growth in %	Feb 2021 Growth in %	YTD Feb FY19	YTD Feb FY20	YTD Feb FY21	YTD Feb FY20 Growth in %	YTD Feb FY21 Growth in %	Market Share YTD Feb FY20	Market Share YTD Feb FY21
Individual	8,676.5	7,681.7	9,823.4	-11.5%	27.9%	81,401.1	93,573.5	96,555.6	15.0%	3.2%	40%	41%
Group	9,533.0	10,851.5	12,601.8	13.8%	16.1%	95,812.4	1,39,913.7	1,38,305.7	46.0%	-1.1%	60%	59%

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.
- The life insurance premiums have been all over the place, with monthly premiums increasing and retreating due to the lockdown and business disruption.
- The industry is expected to grow in low 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 Feb 2019	For Feb 2020	For Feb 2021	Feb 2020 Growth in %	Feb 2021 Growth in %	YTD Feb FY19	YTD Feb FY20	YTD Feb FY21	YTD Feb FY20 Growth in %	YTD Feb FY21 Growth in %	Market Share YTD Feb FY19	Market Share YTD Feb FY20
<b>Grand Total</b>		<b>18,209.5</b>	<b>18,533.2</b>	<b>22,425.2</b>	<b>1.8%</b>	<b>21.0%</b>	<b>1,77,213.6</b>	<b>2,33,487.2</b>	<b>2,34,861.3</b>	<b>31.8%</b>	<b>0.6%</b>	<b>100%</b>	<b>100%</b>
1	UC of India	12,055.8	10,404.7	12,920.6	-13.7%	24.2%	1,17,414.8	1,60,910.5	1,56,068.6	37.0%	-3.0%	66.3%	68.9%
	<b>Private Total</b>	<b>6,153.7</b>	<b>8,128.5</b>	<b>9,504.6</b>	<b>32.1%</b>	<b>16.9%</b>	<b>59,798.8</b>	<b>72,576.7</b>	<b>78,792.7</b>	<b>21.4%</b>	<b>8.6%</b>	<b>33.7%</b>	<b>31.1%</b>
2	Aditya Birla Sun Life	222.3	412.7	360.4	85.7%	-12.7%	3,191.6	3,176.2	3,851.2	-0.5%	21.3%	1.8%	1.4%
3	Aegon Life	9.7	6.9	2.9	-28.6%	-58.9%	97.0	82.0	58.6	-15.4%	-28.5%	0.1%	0.0%
4	Ageas Federal Life	89.1	46.2	72.6	-48.1%	57.1%	694.3	489.5	530.9	-29.5%	8.4%	0.4%	0.2%
5	Aviva Life	48.3	18.3	29.3	-62.0%	59.6%	205.8	202.1	178.7	-1.8%	-11.6%	0.1%	0.1%
6	Bajaj Allianz Life	328.5	461.1	692.9	40.4%	50.3%	3,740.8	4,593.4	5,021.3	22.8%	9.3%	2.1%	2.0%
7	Bharti Axa Life	78.6	68.2	76.2	-13.2%	11.7%	766.9	750.7	652.0	-2.1%	-13.2%	0.4%	0.3%
8	Canara HSBC OBC Life	153.6	120.1	187.0	-21.8%	55.7%	1,238.3	1,378.5	1,930.7	11.3%	40.1%	0.7%	0.6%
9	Edelweiss Tokio Life	45.4	43.2	43.6	-4.7%	0.9%	350.7	334.1	348.3	-4.7%	4.3%	0.2%	0.1%
10	Exide Life	69.5	94.8	82.7	36.3%	-12.8%	639.7	783.5	607.7	22.5%	-22.4%	0.4%	0.3%
11	Future Generali Life	66.1	54.2	71.6	-18.0%	32.1%	527.5	696.7	383.6	32.1%	-44.9%	0.3%	0.3%
12	HDFC Life	1,184.5	1,580.4	1,895.9	33.4%	20.0%	12,419.9	15,336.0	17,251.2	23.5%	12.5%	7.0%	6.6%
13	ICI Prudential Life	1,039.1	2,143.9	1,737.0	106.3%	-19.0%	8,800.2	11,364.8	10,875.1	29.1%	-4.3%	5.0%	4.9%
14	India First Life	135.6	149.7	185.5	10.4%	23.9%	1,641.4	1,603.3	1,698.8	-2.3%	6.0%	0.9%	0.7%
15	Kotak Mahindra Life	403.0	472.4	640.3	17.2%	35.5%	3,078.1	4,361.1	3,981.9	41.7%	-8.7%	1.7%	1.9%
16	Max Life	529.8	559.9	731.8	5.7%	30.7%	4,090.9	4,808.2	5,613.7	17.5%	16.8%	2.3%	2.1%
17	PNB Met Life	146.6	175.0	223.3	19.4%	27.6%	1,316.6	1,589.0	1,597.8	20.7%	0.6%	0.7%	0.7%
18	Pramerica Life	65.0	34.2	23.2	-47.5%	-32.1%	1,139.5	493.1	201.9	-56.7%	-59.1%	0.6%	0.2%
19	Reliance Nippon Life	115.5	96.1	102.4	-16.8%	6.5%	901.2	896.3	911.9	-0.5%	1.7%	0.5%	0.4%
20	Sahara Life	0.0	0.0	0.0	-47.2%	-54.9%	0.1	-	0.0	NA	NA	0.0%	0.0%
21	SBI Life	1,055.3	1,081.8	1,750.7	2.5%	61.8%	11,869.3	15,464.3	18,064.3	30.3%	16.8%	6.7%	6.6%
22	Shriram Life	54.2	64.5	99.9	18.9%	54.9%	662.4	620.8	701.5	-6.3%	13.0%	0.4%	0.3%
23	Star Union Dai-ichi Life	70.5	87.7	141.5	24.4%	61.3%	547.2	696.3	978.8	27.2%	40.6%	0.3%	0.3%
24	Tata AIA Life	243.5	357.2	354.1	46.7%	-0.9%	1,879.5	2,856.8	3,352.9	52.0%	17.4%	1.1%	1.2%

Source: IRDAI

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