

New Business Premium within Life Insurance Continues to Grow, Group Single Premiums Maintain Dominance



Ratings • Advisory • Research • Risk Solutions

September 08, 2022 | BFSI Research

Overview

The first-year premium of life insurers reached Rs 32,856 crore in August 2022 from Rs 27,821 crore in August 2021, exhibiting a y-o-y growth rate of 18.1%, which was higher than the rate reported in August 2020 and August 2021, and meanwhile premiums dipped sequentially compared to July 2022. The growth can primarily be attributed to group single premiums and more specifically to LIC, while growth in private players can also be attributed to Group Yearly Renewable segment. The year-to-date first-year premium numbers grew by 44.2% vs. the 1.6% growth reported in the same period last year. Directly listed life insurers accounted for over 80% of new business premium. The year-to-date growth too can be attributed to an increase in group single premiums, and by a low base, which saw subdued levels due to the pandemic-induced (Covid-19 second wave) lockdowns.

Figure 1: Movement in Monthly First-year Premium (Rs crore)

Month	Premium in FY21	Premium in FY22	Premium in FY23	FY21 vs. FY20 (%)	FY22 vs FY21 (%)	FY23 vs FY22 (%)
April	6,728	9,739	17,940	-32.6	44.8	84.2
May	13,739	12,977	24,480	-25.4	-5.5	88.6
June	28,869	30,009	31,255	-10.5	4.0	4.1
July	22,986	20,435	39,079	6.9	-11.1	91.2
August	27,040	27,821	32,856	14.8	2.9	18.1
September	25,366	31,001		26.5	22.2	
October	22,776	21,606		31.9	-5.1	
November	19,159	27,177		-26.9	41.8	
December	24,383	24,466		-2.8	0.3	
January	21,390	21,957		3.7	2.7	
February	22,425	27,465		21.0	22.5	
March	43,417	59,609		70.9	37.3	

Source: Life Insurance Council, IRDAI

Figure 2: First-year Premium Growth of Life Insurance Companies (Rs crore)

Insurer	Aug 2020	Aug 2021	Aug 2022	Aug 2021 Growth (%)	Aug 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Private Total	7,325.6	8,860.0	10,974.3	20.9	23.9	27,946.1	34,388.3	46,410.6	23.1	35.0
Individual Single	1,097.8	1,450.3	1,669.1	32.1	15.1	4,229.3	5,598.5	6,799.7	32.4	21.5
Individual Non-Single	3,120.8	4,348.3	4,726.8	39.3	8.7	11,813.7	15,446.7	19,376.9	30.8	25.4
Group Single	2,859.6	2,465.7	3,555.2	-13.8	44.2	10,178.6	10,731.0	16,198.9	5.4	51.0
Group Non-Single	7.5	19.7	18.6	161.0	-5.5	48.4	109.6	71.0	126.5	-35.2
Group Yearly Renew	239.8	575.9	1,004.6	140.2	74.4	1,676.2	2,502.6	3,964.1	49.3	58.4
LIC	19,714.2	18,960.8	21,882.1	-3.8	15.4	71,415.2	66,592.4	99,199.8	-6.8	49.0
Individual Single	5,429.6	2,311.3	2,115.8	-57.4	-8.5	12,390.8	7,808.4	8,652.1	-37.0	10.8
Individual Non-Single	2,169.9	2,344.3	2,497.3	8.0	6.5	8,865.8	9,281.3	11,217.7	4.7	20.9
Group Single	11,730.5	13,896.9	16,732.8	18.5	20.4	46,603.0	48,374.3	77,162.3	3.8	59.5
Group Non-Single	318.2	106.9	441.4	-66.4	313.0	3,420.7	614.2	1,928.5	-82.0	214.0
Group Yearly Renew	66.1	301.4	94.7	356.2	-68.6	134.9	514.2	239.3	281.1	-53.5
Grand Total	27,039.8	27,820.7	32,856.4	2.9	18.1	99,361.3	1,00,980.7	1,45,610.4	1.6	44.2
Individual Single	6,527.4	3,761.7	3,784.9	-42.4	0.6	16,620.1	13,406.9	15,451.7	-19.3	15.3
Individual Non-Single	5,290.8	6,692.6	7,224.1	26.5	7.9	20,679.5	24,728.0	30,594.6	19.6	23.7
Group Single	14,590.1	16,362.6	20,288.0	12.1	24.0	56,781.5	59,105.3	93,361.2	4.1	58.0
Group Non-Single	325.7	126.6	460.0	-61.1	263.5	3,469.1	723.8	1,999.5	-79.1	176.3
Group Yearly Renew	305.9	877.3	1,099.4	186.8	25.3	1,811.1	3,016.8	4,203.4	66.6	39.3

Source: IRDAI, Life Insurance Council

- Private insurers grew at 23.9% in August 2022 vs 18.5% in July 2022 and 20.9% in August 2021 (base effect/ lockdown disruptions). Meanwhile, LIC's first-year premium rose significantly by 15.4% for August 2022 against a decline of 3.8% witnessed in August 2021. The monthly increase can be attributed to a rise in group single premiums. The year-to-date numbers, LIC reported a growth rate of 49% against a decline reported for the same period last year. Meanwhile, its private peers improved their growth rate to 35% from 23.1% last year. LIC maintains its dominant share in the first-year premium (68.1% vs. 31.9% share of private companies).

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

Premium Type	Aug 2020	Aug 2021	Aug 2022	Aug 2021 Growth (%)	Aug 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Single	21,117.5	20,124.2	24,072.9	-4.7	19.6	73,401.6	72,512.2	1,08,812.9	-1.2	50.1
Non-Single	5,922.3	7,696.5	8,783.5	30.0	14.1	25,959.7	28,468.6	36,797.5	9.7	29.3

Source: IRDAI, Life Insurance Council

- For August 2022, non-single premiums maintained their growth rate of 14.1% vs. 30% reported in August 2021. On the other hand, single premiums reported a growth rate of 19.6%, compared to a drop of 4.7% last August. Single premiums continue to account for a substantial portion of the overall first-year premiums. The share of single premiums has increased from 60% for FY20 to 69% in FY22 and is at 73% for the first five months of FY23 (vs. 72% for the first five months of 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, especially the group business.
- Within the group single premium segment, Pension plans (grew by over 97% in August 2022), General Annuity (dropped by over 40% in August 2022) and Group Gratuity Schemes (grew by over 40% in August 2022) continue to account for a significant chunk, while General annuity plans (grew by 15% in August 2022) dominate individual single premiums.

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

Premium Type	Aug 2020	Aug 2021	Aug 2022	Aug 2021 Growth (%)	Aug 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Individual	11,818.1	10,454.3	11,009.0	-11.5	5.3	37,299.6	38,134.9	46,046.4	2.2	20.7
Group	15,221.7	17,366.5	21,847.4	14.1	25.8	62,061.7	62,845.9	99,564.1	1.3	58.4

Source: IRDAI, Life Insurance Council

- For August 2022, the group premiums increased by 25.8%, while individual premiums grew by a much more muted 5.3%. The group premium growth was in line with August 2021, while individual premiums reversed the drop witnessed last August. For the year-to-date numbers, growth in individual premiums was outstripped by the growth in group premiums. Individual premiums continue to remain smaller in size compared to group premiums.

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

Premium Type	Aug 2020	Aug 2021	Aug 2022	Aug 2021 Growth (%)	Aug 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Private	3.3	3.1	4.6	-4.1	45.9	14.1	17.1	20.9	20.7	22.3
LIC	0.6	1.0	0.8	78.0	-18.3	2.3	3.5	4.4	53.5	27.6
Total	3.8	4.2	5.4	8.1	30.2	16.4	20.5	25.3	25.2	23.2

Source: IRDAI

- In August 2022, the sum assured of private companies grew compared to the drop witnessed in August 2021, while a reverse trend was observed with LIC. However, for the year-to-date period, LIC has shown a faster growth rate while its private peers witnessed a slower growth rate. Further, given the preponderance of policies geared towards single premium/ annuity plans, LIC's share remains small, as the private companies focus on protection plans, meanwhile, LIC for the first five months of FY23 has increased its share in sum assured compared to the same period last year by approximately 60 bps.

CareEdge View

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP. The top line of life insurers is anticipated to remain healthy for FY23 as it would be the first full year without any Covid-related restrictions. CareEdge expects the life insurance industry to continue to grow in the low double digits over a three-to-five-year time frame. The growth would be driven by a supportive regulatory landscape, and strong demand for annuity and protection plans. Other factors include an intense push to increase insurance coverage, especially in the rural populace, product innovations/customisation, and distribution channels being coupled with digitalised infrastructure for easier user interaction. However, fraud, lapse ratio, and any unfavourable changes in macro-economic factors could be characterised as key challenges to the industry growth. Overall, the outlook is expected to be positive in the medium term.

Annexure

Figure 6: Company-wise Share in First-year Premium - Rs crore

Insurer	YTD FY21	YTD FY22	YTD FY23	Mkt Sh. YTD FY21 (%)	Mkt Sh. YTD FY22 (%)	Mkt Sh. YTD FY23 (%)
Aditya Birla Sun Life	1,612.1	1,262.5	2,472.0	1.6%	1.3%	1.7%
Aegae Federal Life	155.6	234.8	286.9	0.2%	0.2%	0.2%
Aegon Life	24.3	11.6	1.4	0.02%	0.01%	0.001%
Aviva Life	78.7	95.0	95.0	0.1%	0.1%	0.1%
Bajaj Allianz Life	1,700.3	2,438.1	4,481.6	1.7%	2.4%	3.1%
Bharti Axa Life	255.0	293.9	342.6	0.3%	0.3%	0.2%
Canara HSBC Life	788.6	1,089.7	1,014.3	0.8%	1.1%	0.7%
Edelweiss Tokio Life	121.8	133.3	143.3	0.1%	0.1%	0.1%
Exide Life	203.2	334.7	308.9	0.2%	0.3%	0.2%
Future Generali Life	119.0	152.7	246.3	0.1%	0.2%	0.2%
HDFC Life	6,532.9	7,652.6	8,873.4	6.6%	7.6%	6.1%
ICICI Prudential Life	3,240.5	4,992.0	5,949.2	3.3%	4.9%	4.1%
India First Life	706.4	877.5	947.8	0.7%	0.9%	0.7%
Kotak Mahindra Life	1,173.9	1,545.3	2,259.4	1.2%	1.5%	1.6%
Max Life	1,893.5	2,423.6	2,671.3	1.9%	2.4%	1.8%
PNB Met Life	494.2	659.8	991.9	0.5%	0.7%	0.7%
Pramerica Life	72.9	103.9	193.7	0.1%	0.1%	0.1%
Reliance Nippon Life	299.6	384.0	397.0	0.3%	0.4%	0.3%
Sahara Life	0.0	0.0	0.0	0.0%	0.0%	0.0%
SBI Life	6,773.1	7,382.3	10,615.8	6.8%	7.3%	7.3%
Shriram Life	174.3	280.1	360.0	0.2%	0.3%	0.2%
Star Union Dai-ichi Life	257.0	612.6	1,362.1	0.3%	0.6%	0.9%
Tata AIA Life	1,269.1	1,428.3	2,397.1	1.3%	1.4%	1.6%
Private Total	27,946.1	34,388.3	46,410.6	28.1%	34.1%	31.9%
LIC of India	71,415.2	66,592.4	99,199.8	71.9%	65.9%	68.1%
Grand Total	99,361.3	1,00,980.7	1,45,610.4	100.0%	100.0%	100.0%

Contact

Sanjay Agarwal	Senior Director	sanjay.agarwal@careedge.in	+91-22-6754 3582 / +91-81080 07676
Saurabh Bhalerao	Associate Director – BFSI Research	saurabh.bhalerao@careedge.in	+91-22-6754 3519 / +91-90049 52514
Mradul Mishra	Media Relations	mradul.mishra@careedge.in	+91 - 22 - 6754 3596

CARE Ratings Limited

Corporate Office: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (East), Mumbai - 400 022
Phone : +91 - 22 - 6754 3456 | CIN: L67190MH1993PLC071691

Connect :     

Locations: Ahmedabad | Andheri-Mumbai | Bengaluru | Chennai | Coimbatore | Hyderabad | Kolkata | New Delhi | Pune

About:

CareEdge is a knowledge-based analytical group that aims to provide superior insights based on technology, data analytics and detailed research. CARE Ratings Ltd, the parent company in the group, is one of the leading credit rating agencies in India. Established in 1993, it has a credible track record of rating companies across multiple sectors and has played a pivotal role in developing the corporate debt market in India. The wholly-owned subsidiaries of CARE Ratings are (I) CARE Advisory, Research & Training Ltd, which offers customised advisory services, credible business research and analytical services (II) CARE Risk Solutions Private Ltd, which provides risk management solutions.

Disclaimer:

This report has been prepared by CareEdge (CARE Ratings Limited). CareEdge has taken utmost care to ensure accuracy and objectivity based on information available in the public domain. However, neither the accuracy nor completeness of the information contained in this report is guaranteed. CareEdge is not responsible for any errors or omissions in analysis/inferences/views or for results obtained from the use of the information contained in this report and especially states that CareEdge has no financial liability whatsoever to the user of this report.