

In October, New Business Premiums Maintain Growth Trajectory, Group Single Premiums Continue to Dominate



Ratings • Advisory • Research • Risk Solutions

November 08, 2022 | BFSI Research

Overview

The first-year premium of life insurers reached Rs 24,917 crore in October 2022 from Rs 21,606 crore in October 2021, exhibiting a y-o-y growth rate of 15.3%, vs. a fall of 5.1% reported in October 2021. Meanwhile, following a regular trend, premiums fell sequentially compared to September 2022. The y-o-y growth can primarily be attributed to group single premiums and more specifically to LIC, while growth in individual premiums at the private players too supported growth. The year-to-date FY23 first-year premium numbers grew by 34.7% vs. the 4.1% growth reported in the same period last year. The year-to-date FY23 growth can also be attributed to an increase in group single premiums, and 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	36,367	26.5	22.2	17.3
October	22,776	21,606	24,917	31.9	-5.1	15.3
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	Oct 2020	Oct 2021	Oct 2022	Oct 2021 Growth (%)	Oct 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Private Total	7,228.0	8,105.5	8,996.5	12.1	11.0	43,937.6	54,974.8	66,782.3	25.1	21.5
Individual Single	1,010.5	1,311.3	1,344.4	29.8	2.5	6,456.2	8,591.6	10,083.4	33.1	17.4
Individual Non-Single	3,207.7	3,952.6	4,069.2	23.2	2.9	18,695.6	24,356.8	28,709.3	30.3	17.9
Group Single	2,580.7	2,400.7	3,040.3	-7.0	26.6	15,914.5	18,225.6	22,773.7	14.5	25.0
Group Non-Single	29.0	10.9	7.9	-62.6	-27.4	90.9	138.7	97.7	52.6	-29.6
Group Yearly Renew	400.0	430.0	534.8	7.5	24.4	2,780.5	3,662.1	5,118.2	31.7	39.8
LIC	15,548.1	13,500.8	15,920.1	-13.2	17.9	1,03,566.1	98,613.4	1,40,111.2	-4.8	42.1
Individual Single	4,712.7	2,372.9	1,868.9	-49.6	-21.2	19,761.1	12,473.5	12,639.8	-36.9	1.3
Individual Non-Single	1,979.9	2,166.7	2,301.3	9.4	6.2	12,837.3	13,972.0	16,014.1	8.8	14.6
Group Single	8,358.9	8,530.0	11,072.2	2.0	29.8	66,328.0	70,271.3	1,07,950.4	5.9	53.6
Group Non-Single	477.8	324.9	620.5	-32.0	91.0	4,341.1	1,130.3	3,116.7	-74.0	175.7
Group Yearly Renew	18.8	106.3	57.3	465.3	-46.1	298.7	766.3	390.3	156.6	-49.1
Grand Total	22,776.0	21,606.3	24,916.6	-5.1	15.3	1,47,503.7	1,53,588.1	2,06,893.5	4.1	34.7
Individual Single	5,723.2	3,684.2	3,213.2	-35.6	-12.8	26,217.2	21,065.1	22,723.2	-19.7	7.9
Individual Non-Single	5,187.7	6,119.4	6,370.5	18.0	4.1	31,532.9	38,328.8	44,723.4	21.6	16.7
Group Single	10,939.6	10,930.7	14,112.5	-0.1	29.1	82,242.5	88,496.9	1,30,724.1	7.6	47.7
Group Non-Single	506.8	335.7	628.4	-33.8	87.2	4,432.0	1,269.0	3,214.4	-71.4	153.3
Group Yearly Renew	418.8	536.3	592.0	28.1	10.4	3,079.1	4,428.4	5,508.5	43.8	24.4

Source: IRDAI, Life Insurance Council

- LIC's first-year premium rose by 17.9% for October 2022; vs a 13.2% fall witnessed in October 2021. Meanwhile, Private insurers rose by 11% in October 2022 vs. growth of 8.9% in September 2022 and 12.1% in October 2021. The monthly increase can be attributed to a continues rise in group single premiums especially by LIC. The year-to-date numbers, LIC reported a growth rate of 42.1% against a decline of 4.8% reported for the same period last year. Meanwhile, the growth rate of its private peers decelerated to 21.5% from 25.1% last year. LIC maintains its dominant share in the first-year premium (67.7% vs. 32.3% share of private companies).

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

Premium Type	Oct 2020	Oct 2021	Oct 2022	Oct 2021 Growth (%)	Oct 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Single	16,662.8	14,614.9	17,325.7	-12.3	18.5	1,08,459.7	1,09,562.0	1,53,447.3	1.0	40.1
Non-Single	6,113.3	6,991.4	7,590.9	14.4	8.6	39,044.0	44,026.2	53,446.2	12.8	21.4

Source: IRDAI, Life Insurance Council

- For October 2022, the growth rate of non-single premiums reduced to 8.6% vs. 14.4% reported in October 2021. On the other hand, single premiums reversed last October's fall of 12.3% to a growth rate of 18.5% in October 2022. 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 74% for year-to-date FY23 (vs. 71% for the same period last year).
- LIC continues to dominate the single premium sub-segment, especially the group business, while the private sector has a larger share in the non-single sub-segment (mainly individual premiums).
- Within the group single premium segment, Pension plans, General Annuity and Group Gratuity Schemes continue to account for a significant chunk, while General annuity plans dominate individual single premiums.

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

Premium Type	Oct 2020	Oct 2021	Oct 2022	Oct 2021 Growth (%)	Oct 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Individual	10,910.9	9,803.6	9,583.7	-10.1	-2.2	57,750.1	59,393.8	67,446.6	2.8	13.6
Group	11,865.2	11,802.7	15,332.9	-0.5	29.9	89,753.5	94,194.3	1,39,447.0	4.9	48.0

Source: IRDAI, Life Insurance Council

- For October 2022, the group premiums increased by 29.9%, while individual premiums fell by a modest 2.2%. For the year-to-date numbers, growth in individual premiums was one-third of the growth in group premiums. Individual premiums continue to remain smaller in size compared to group premiums.

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. The growth would be driven by a supportive regulatory landscape (launch of the Bima Sujan portal), strong demand for annuity and protection plans along with increased persistency levels. 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. Overall, the outlook is expected to be positive in the medium term.

Annexure

Figure 5: 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	2,303	2,719	3,910	1.6%	1.8%	1.9%
Aegon Life	41	13	2	0.03%	0.01%	0.001%
Aegas Federal Life	267	374	432	0.2%	0.2%	0.2%
Aviva Life	118	140	136	0.1%	0.1%	0.1%
Bajaj Allianz Life	2,760	4,032	5,746	1.9%	2.6%	2.8%
Bharti Axa Life	369	447	494	0.2%	0.3%	0.2%
Canara HSBC Life	1,119	1,509	1,398	0.8%	1.0%	0.7%
Edelweiss Tokio Life	185	213	220	0.1%	0.1%	0.1%
Exide Life	323	508	436	0.2%	0.3%	0.2%
Future Generali Life	180	216	360	0.1%	0.1%	0.2%
HDFC Life	10,220	12,286	12,972	6.9%	8.0%	6.3%
ICICI Prudential Life	5,447	7,615	8,568	3.7%	5.0%	4.1%
India First Life	993	1,298	1,480	0.7%	0.8%	0.7%
Kotak Mahindra Life	1,964	2,686	3,431	1.3%	1.7%	1.7%
Max Life	2,984	3,650	3,913	2.0%	2.4%	1.9%
PNB Met Life	794	1,054	1,511	0.5%	0.7%	0.7%
Pramerica Life	114	149	302	0.1%	0.1%	0.1%
Reliance Nippon Life	462	553	561	0.3%	0.4%	0.3%
Sahara Life	-	-	-	0.0%	0.0%	0.0%
SBI Life	10,590	11,975	15,053	7.2%	7.8%	7.3%
Shriram Life	333	447	555	0.2%	0.3%	0.3%
Star Union Dai-ichi Life	455	908	1,786	0.3%	0.6%	0.9%
Tata AIA Life	1,916	2,184	3,517	1.3%	1.4%	1.7%
Private Total	43,938	54,975	66,782	29.8%	35.8%	32.3%
LIC of India	1,03,566	98,613	1,40,111	70.2%	64.2%	67.7%
Grand Total	1,47,504	1,53,588	2,06,894	100.0%	100.0%	100.0%

Source: IRDAI, Life Insurance Council

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.