

Group Single Premiums Register Slow Growth in December 2022

January 09, 2023 | BFSI Research



Overview

The first-year premium of life insurers reached Rs. 26,838 crore in December 2022 from Rs 24,466 crore in December 2021, exhibiting a y-o-y growth rate of 9.7%, vs. a marginal increase of 0.3% reported in December 2021. The y-o-y growth for the month can be attributed to individual premiums. The year-to-date FY23 first-year premium numbers grew by 34.1% vs. the 8.5% growth reported in the same period last year. The year-to-date FY23 growth can continue to be attributed primarily to group single premiums and more specifically to LIC and a low base, which saw subdued levels due to the pandemic-induced (Covid-19 second wave) lockdowns. Meanwhile, the private players have been extending their lead in the individual non-singe premium segment.

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	35,459	-26.9	41.8	30.5
December	24,383	24,466	26,838	-2.8	0.3	9.7
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	For Dec 2020	For Dec 2021	For Dec 2022	Dec 2021 Growth	Dec 2022 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Private Total	10,037.7	13,032.3	14,979.8	29.8	14.9	61,042.0	79,216.8	93,188.8	29.8	17.6
Individual Single	1,417.1	1,828.9	2,183.4	29.1	19.4	8,894.5	11,773.8	13,987.7	32.4	18.8
Individual Non-Single	5,259.0	6,807.7	7,884.6	29.4	15.8	27,243.6	35,388.9	41,954.8	29.9	18.6
Group Single	2,613.0	3,807.8	4,245.1	45.7	11.5	20,831.8	27,071.9	30,717.9	30.0	13.5
Group Non-Single	24.6	114.2	9.3	364.9	-91.9	212.1	275.9	109.8	30.0	-60.2
Group Yearly Renew.	724.1	473.7	657.4	-34.6	38.8	3,859.9	4,706.4	6,418.7	21.9	36.4
LIC	14,345.7	11,434.1	11,858.5	-20.3	3.7	1,30,004.4	1,26,015.0	1,76,001.8	-3.1	39.7
Individual Single	1,885.9	2,072.5	2,370.1	9.9	14.4	23,007.2	16,671.3	17,189.0	-27.5	3.1
Individual Non-Single	2,774.0	2,938.5	3,005.1	5.9	2.3	17,494.6	19,154.6	21,571.9	9.5	12.6
Group Single	9,328.4	6,017.8	5,966.9	-35.5	-0.8	84,046.7	87,331.6	1,32,553.2	3.9	51.8
Group Non-Single	327.0	313.2	440.5	-4.2	40.6	5,016.2	1,909.0	4,158.9	-61.9	117.9
Group Yearly Renew.	30.5	92.2	75.9	202.7	-17.6	439.7	948.6	528.7	115.7	-44.3
Grand Total	24,383.4	24,466.5	26,838.3	0.3	9.7	1,91,046.4	2,05,231.9	2,69,190.6	7.4	31.2
Individual Single	3,303.0	3,901.4	4,553.4	18.1	16.7	31,901.6	28,445.1	31,176.7	-10.8	9.6
Individual Non-Single	8,033.0	9,746.2	10,889.7	21.3	11.7	44,738.3	54,543.5	63,526.7	21.9	16.5
Group Single	11,941.4	9,825.6	10,212.0	-17.7	3.9	1,04,878.5	1,14,403.5	1,63,271.1	9.1	42.7
Group Non-Single	351.5	427.4	449.8	21.6	5.2	5,228.4	2,184.9	4,268.7	-58.2	95.4
Group Yearly Renew.	754.6	565.9	733.3	-25.0	29.6	4,299.6	5,655.0	6,947.4	31.5	22.9

Source: IRDAI, Life Insurance Council

- LIC's first-year premium rose by 3.7% for December 2022; vs a fall of 20.3% witnessed in December 2021. Meanwhile, private insurers reported a growth rate of 14.9% in December 2022 which is around half of the rate reported in December 2021 (29.8%). The monthly increase can be attributed to individual segments. For the first 9 months of FY23, LIC reported a growth rate of 39.7% against a decline of 3.1% reported for the same period last year. Meanwhile, the growth rate of its private peers decelerated to 17.6% from 29.8% last year. Further, growth in select smaller private companies has outpaced their larger private counterparts. The YTD growth can be attributed to a continuous rise in group single premiums especially by LIC and individual non-single premiums, more specifically by private companies. LIC maintains its dominant share in the first-year premium (65.4% vs. 34.6% share of private companies).

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

Premium Type	For Dec 2020	For Dec 2021	For Dec 2022	Dec 2021 Growth	Dec 2022 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Single	15,244.4	13,726.9	14,765.5	-10.0	7.6	1,36,780.1	1,42,848.6	1,94,447.8	4.4	36.1
Non-Single	9,139.0	10,739.5	12,072.8	17.5	12.4	54,266.3	62,383.3	74,742.8	15.0	19.8

Source: IRDAI, Life Insurance Council

- For December 2022, the growth rate of non-single premiums reduced to 12.4% vs. 17.5% reported in December 2021, and growth in single premiums came in at 7.6% in December 2022 vs. a 10% fall in December 2021. 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 72% for year-to-date FY23 (vs. 70% 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	For Dec 2020	For Dec 2021	For Dec 2022	Dec 2021 Growth	Dec 2022 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Individual	11,336.0	13,647.6	15,443.2	20.4%	13.2%	76,639.9	82,988.6	94,703.4	8.3%	14.1%
Group	13,047.5	10,818.9	11,395.1	-17.1%	5.3%	1,14,406.5	1,22,243.3	1,74,487.2	6.8%	42.7%

Source: IRDAI, Life Insurance Council

- For December 2022, the group premiums increased by 5.3%, while individual premiums increased by 13.2%. For the year-to-date numbers, growth in individual premiums was around a 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 premium growth of life insurance companies 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 (ease of doing business, Bima Sujan), 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 allowing corporate agents to take on additional companies. 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	3,227	3,808	5,243	1.7	1.9	1.9
Aegas Federal Life	377	541	610	0.2	0.3	0.2
Aegon Life	46	15	4	0.02	0.01	0.001
Aviva Life	134	184	196	0.1	0.1	0.1
Bajaj Allianz Life	3,820	5,900	7,441	2.0	2.9	2.8
Bharti Axa Life	503	618	667	0.3	0.3	0.2
Canara HSBC Life	1,580	1,921	2,774	0.8	0.9	1.0
Edelweiss Tokio Life	264	292	301	0.1	0.1	0.1
Exide Life*	454	667	436	0.2	0.3	0.2
Future Generali Life	272	289	443	0.1	0.1	0.2
HDFC Life	13,632	17,188	18,449	7.1	8.4	6.9
ICICI Prudential Life	7,899	10,248	11,287	4.1	5.0	4.2
India First Life	1,371	1,920	1,971	0.7	0.9	0.7
Kotak Mahindra Life	2,844	3,687	4,705	1.5	1.8	1.7
Max Life	4,244	5,285	5,640	2.2	2.6	2.1
PNB Met Life	1,170	1,533	2,118	0.6	0.7	0.8
Pramerica Life	156	198	419	0.1	0.1	0.2
Reliance Nippon Life	712	888	762	0.4	0.4	0.3
Sahara Life	-	-	-	0.0	0.0	0.0
SBI Life	14,438	18,792	21,510	7.6	9.2	8.0
Shriram Life	526	629	762	0.3	0.3	0.3
Star Union Dai-ichi Life	728	1,309	2,339	0.4	0.6	0.9
Tata AIA Life	2,644	3,304	5,113	1.4	1.6	1.9
Private Total	61,042	79,217	93,189	32.0	38.6	34.6
LIC of India	1,30,004	1,26,015	1,76,002	68.0	61.4	65.4
Grand Total	1,91,046	2,05,232	2,69,191	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.