

Life Insurance First Year Monthly Premium – FY22 starts on strong note in April 2021 but continues to be a tad lower than pre-pandemic levels

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Overview

The Life insurance sector has begun FY22 on a positive note with April 2021 showing a significant growth as compared to the previous year. First Year Premium of life insurers witnessed a growth of 44.8% in April 2021 to Rs 9,739 crores to Rs 6,728 crores in April 2020. The growth has been primarily driven by a low base effect (a portion of April 2020 was under lockdown due to the pandemic); however, the April 2021 numbers have been lower than April 2019 numbers.

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		43.4%	-25.4%	
June	32,241	28,869		94.1%	-10.5%	
July	21,509	22,986		6.4%	6.9%	
August	23,555	27,040		26.4%	14.8%	
September	20,057	25,366		14.7%	26.5%	
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: IRDAI

In terms of Sum Assured, the sector too reported an increase of 57.4% to Rs 3.6 lakh crores in April 2021 from Rs 2.3 lakh crores in April 2020. The growth has been driven by group single premium policies even as a majority share of the sum assured has been accounted by the non-single premium policies (67% share in April 2021).

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

Insurer	Premium			Market Share (%)		
	For April, 2019	For April, 2020	For April, 2021	For April, 2019	For April, 2020	For April, 2021
Private Total	4,713.9	3,146.1	4,882.0	47.2%	46.8%	50.1%
Individual Single Premium	438.1	307.1	729.2			
Individual Non-Single Premium	1,720.0	1,023.0	1,924.6			
Group Single Premium	2,176.2	1,670.6	1,965.7			
Group Non-Single Premium	7.0	10.9	15.5			
Group Yearly Renewable Premium	372.6	134.5	247.1			
LIC of India	5,267.9	3,581.7	4,856.8	52.8%	53.2%	49.9%
Individual Single Premium	1,106.6	331.6	970.7			
Individual Non-Single Premium	1,359.2	732.4	1,237.4			
Group Single Premium	2,639.7	1,983.6	2,584.4			
Group Non-Single Premium	149.2	523.8	26.3			
Group Yearly Renewable Premium	13.3	10.3	37.9			
Grand Total	9,981.9	6,727.7	9,738.8	100.0%	100.0%	100.0%
Individual Single Premium	1,544.7	638.8	1,699.9			
Individual Non-Single Premium	3,079.2	1,755.3	3,161.9			
Group Single Premium	4,815.9	3,654.2	4,550.2			
Group Non-Single Premium	156.2	534.6	41.8			
Group Yearly Renewable Premium	385.8	144.8	285.0			

Source: IRDAI

- LIC's first year premium increased by 35.6% in April 2021 compared to the drop of 32% in April 2020. On the other hand, private companies grew at a much faster pace of 55.2% in April 2021 after witnessing a fall of 33.3% in April 2020. Despite this substantial jump over the last year, the April 2021 premiums have not reached the pre-pandemic levels seen in April 2019.
- It should also be noted that April is a lean month coming after a peak in March (last month of a financial year) the

monthly numbers are generally not representative of any annual trends.

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

Premium Type	Premium			Y-o-Y Growth (%)		Market Share (%)		
	For Apr 2019	For Apr 2020	For Apr 2021	For Apr 2020	For Apr 2021	For Apr 2019	For Apr 2020	For Apr 2021
Single	6,360.63	4,292.98	6,250.04	-32.5%	45.6%	63.7%	63.8%	64.2%
Non-single	3,621.24	2,434.76	3,488.75	-32.8%	43.3%	36.3%	36.2%	35.8%

Source: IRDAI

- Single premium growth has continued to be a strong support for the overall premium growth in April 2019 as well as in April 2021. The share of single premiums has grown marginally from 63.7% in April 2019 to 64.2% in April 2021. Additionally, in April 2021, despite both single as well as non-single premiums growing at a broadly similar pace, single premium segment has remained nearly twice the size of the non-single premiums segment.

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

Premium Type	Premium			Y-o-Y Growth (%)		Market Share (%)		
	For Apr 2019	For Apr 2020	For Apr 2021	For Apr 2020	For Apr 2021	For Apr 2019	For Apr 2020	For Apr 2021
Individual	4,623.96	2,394.09	4,861.84	-48.2%	103.1%	46.3%	35.6%	49.9%
Group	5,357.92	4,333.65	4,876.96	-19.1%	12.5%	53.7%	64.4%	50.1%

Source: IRDAI

- In April 2021, individual premium has grown at a significantly faster pace (103.1%) than the group premiums (12.5%) and has inched ahead of the April 2019 numbers, while group premium numbers for April 2021 have fallen below the April 2019 level.
- This increase in individual premiums can be accounted by the non-single premium sub-segment, especially in the private sector. Interestingly, as per available IRDAI data, around half of the group single premium is accounted by premiums for pensions.

Despite the manifold challenges present in the current scenario, the life industry has begun the current fiscal on a positive note. The growth is expected to be driven by the private sector who grew at a much faster pace compared to the public sector. The pandemic has created a rise in the demand for protection plans, even as the market volatility continued to affect the demand for linked plans. In FY22, along with the increased awareness of insurance, a digital push for insurance and any increase in term plan premiums are expected to drive the life premiums.

Figure 5: Company wise share in First Year Premium - Rs cr

Insurer	Absolute Premium (Rs cr)			Market Share (%)		
	For April, 2019	For April, 2020	For April, 2021	For April, 2019	For April, 2020	For April, 2021
Aditya Birla Sun Life	118.8	261.8	128.0	1.2%	3.9%	1.3%
Aegae Federal Life	21.4	6.9	30.0	0.2%	0.1%	0.3%
Aegon Life	8.2	3.7	3.6	0.1%	0.1%	0.0%
Aviva Life	5.4	19.0	13.9	0.1%	0.3%	0.1%
Bajaj Allianz Life	218.6	314.0	424.6	2.2%	4.7%	4.4%
Bharti Axa Life	49.5	29.6	41.9	0.5%	0.4%	0.4%
Canara HSBC OBC Life	183.7	27.1	214.3	1.8%	0.4%	2.2%
Edelweiss Tokio Life	11.2	16.5	20.2	0.1%	0.2%	0.2%
Exide Life	37.6	25.3	34.8	0.4%	0.4%	0.4%
Future Generali Life	34.3	10.7	28.6	0.3%	0.2%	0.3%
HDFC Standard Life	1,422.3	668.9	1,193.9	14.2%	9.9%	12.3%
ICICI Prudential Life	633.4	256.2	643.3	6.3%	3.8%	6.6%
India First Life	149.0	32.7	132.2	1.5%	0.5%	1.4%
Kotak Mahindra Life	319.9	121.4	255.3	3.2%	1.8%	2.6%
Max Life	201.6	171.8	347.5	2.0%	2.6%	3.6%
PNB Met Life	72.6	43.8	89.9	0.7%	0.7%	0.9%
Pramerica Life	50.5	10.7	22.4	0.5%	0.2%	0.2%
Reliance Nippon Life	97.5	34.0	66.9	1.0%	0.5%	0.7%
Sahara Life	0.0	0.0	0.0	0.0%	0.0%	0.0%
SBI Life	913.1	917.4	928.4	9.1%	13.6%	9.5%
Shriram Life	26.3	13.7	38.4	0.3%	0.2%	0.4%
Star Union Dai-ichi Life	16.8	6.6	59.5	0.2%	0.1%	0.6%
Tata AIA Life	122.2	154.4	164.5	1.2%	2.3%	1.7%
Private Total	4,713.9	3,146.1	4,882.0	47.2%	46.8%	50.1%
LIC of India	5,267.9	3,581.7	4,856.8	52.8%	53.2%	49.9%
Grand Total	9,981.9	6,727.7	9,738.8	100.0%	100.0%	100.0%

Source: IRDAI

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