

Group Single Premiums Continue to Boost Life Insurance in May



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Overview

The first-year premium of life insurers rose to Rs 24,480 crore in May 2022 from Rs 12,977 crore in May 2021, exhibiting a robust y-o-y growth rate of 88.6%. Meanwhile, the year-to-date first-year premium numbers, too, grew by 86.7%. This growth can be attributed to a continuous increase in group single premiums, with LIC outpacing its private peers for the two-month period, while private companies grew faster in May 2022. This growth can also be accounted for 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		-10.5	4.0	
July	22,986	20,435		6.9	-11.1	
August	27,040	27,821		14.8	2.9	
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

Given that the last couple of years have been affected by the pandemic and the growth has been distorted, if we compare the growth for May 2019 vs. May 2018 and vs. the CAGR between May 2019 and YTD May 2022, it can be observed that the CAGR between May 2019 and May 2022 is lower than the y-o-y growth number for the month of May 2019. Additionally, a similar trend can be observed for the single premium, while non-single premiums for the month of May 2022 are lower compared to the non-single premiums for May 2019.

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

Insurer	May 2020	May 2021	May 2022	May 2021 Growth (%)	May 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Private Total	3,527.5	4,029.3	8,639.7	14.2	114.4	6,673.6	8,911.4	14,862.6	33.5	66.8
Individual Single	583.3	729.8	1,176.6	25.1	61.2	890.4	1,459.0	2,176.2	63.9	49.2
Individual Non-Single	1,638.5	1,708.3	3,375.2	4.3	97.6	2,661.4	3,632.8	6,191.3	36.5	70.4
Group Single	791.3	1,328.0	2,985.4	67.8	124.8	2,461.9	3,293.8	4,965.7	33.8	50.8
Group Non-Single	15.2	12.8	15.6	-15.7	21.1	26.1	28.3	26.5	8.6	-6.4
Group Yearly Renewable	499.2	250.4	1,087.0	-49.8	334.0	633.7	497.5	1,503.0	-21.5	202.1
LIC	10,211.5	8,947.6	15,840.6	-12.4	77.0	13,793.2	13,804.4	27,557.3	0.1	99.6
Individual Single	1,126.7	811.3	1,609.0	-28.0	98.3	1,458.4	1,782.0	2,927.7	22.2	64.3
Individual Non-Single	1,668.3	1,304.7	2,127.2	-21.8	63.0	2,400.7	2,542.1	3,700.2	5.9	45.6
Group Single	5,859.7	6,666.6	11,607.9	13.8	74.1	7,843.3	9,251.0	20,075.3	17.9	117.0
Group Non-Single	1,525.0	143.4	482.0	-90.6	236.1	2,048.7	169.7	797.5	-91.7	369.9
Group Yearly	31.8	21.7	14.6	-32.0	-32.4	42.1	59.6	56.7	41.5	-4.8
Grand Total	13,739.0	12,977.0	24,480.4	-5.5	88.6	20,466.8	22,715.8	42,420.0	11.0	86.7
Individual Single	1,710.0	1,541.1	2,785.5	-9.9	80.7	2,348.8	3,241.0	5,103.9	38.0	57.5
Individual Non-Single	3,306.8	3,012.9	5,502.4	-8.9	82.6	5,062.1	6,174.9	9,891.4	22.0	60.2
Group Single	6,651.0	7,994.6	14,593.3	20.2	82.5	10,305.2	12,544.7	25,040.9	21.7	99.6
Group Non-Single	1,540.2	156.3	497.5	-89.9	218.4	2,074.8	198.1	824.0	-90.5	316.0
Group Yearly Renewable	531.1	272.1	1,101.6	-48.8	304.9	675.9	557.1	1,559.7	-17.6	180.0

Source: Life Insurance Council

- LIC's first-year premium has continued to grow at high double digits and stood at 77% for May 2022, which was lower than the growth of 141.2% in April 2022 but was more than the 50.6% growth in March 2022 and 35.4% in February 2022. The May 2022 growth due to group single premiums also compares favourably vs the decrease of 12.4% in May 2021 (base effect/ lockdown disruptions). Private insurers grew at 114.4% in May 2022 vs. 27.5% in April 2022, 12.9% in March 2022, and 14.2% in April 2021 (base effect/ lockdown disruptions). For the first two months of FY23, LIC has outgrown the marginal growth reported for the similar period of FY22 and its private peers gave LIC's dominant share of the group single insurance business. LIC maintains its dominant share in the first-year premium (65% vs. 35% share of private companies).

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

Premium Type	May 2020	May 2021	May 2022	May 2021 Growth (%)	May 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Single	8,361.0	9,535.7	17,378.8	14.1	82.2	12,654.0	15,785.7	30,144.9	24.7	91.0
Non-Single	5,378.0	3,441.3	7,101.6	-36.0	106.4	7,812.8	6,930.0	12,275.1	-11.3	77.1

Source: Life Insurance Council

- For May 2022, non-single premiums grew by 106.4%, while single premiums reported a robust growth rate of 82.2%. Meanwhile, in May 2021, a diverging pattern was observed with single premiums showing growth, while non-single premiums declined. Single premiums continue to account for a substantial portion of the overall premiums. The share of single premiums has increased from 60% for FY20 to 69% in FY22 and is at 71% for the two months of FY23.
- 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. The growth of single premiums can also be attributed to individuals seeking a predictable rate of return. Pension plans, General Annuity and Group Gratuity Schemes continue to account for a significant chunk of the group, while General annuity plans dominate individual single premiums.

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

Premium Type	May 2020	May 2021	May 2022	May 2021 Growth (%)	May 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Individual	5,016.8	4,554.1	8,287.9	-9.2	82.0	7,410.9	9,415.9	14,995.4	27.1	59.3
Group	8,722.2	8,422.9	16,192.4	-3.4	92.2	13,055.9	13,299.9	27,424.6	1.9	106.2

Source: Life Insurance Council

- For May 2022, the group premiums increased by 92.2%, while individual premiums grew by 82%. This is in sharp contrast to May 2021, when both the segments had declined. For the two months of FY23, growth in group premiums continues to outpace growth in individual 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. CareEdge expects the life insurance industry to continue to grow at around 12-14% over a three-to-five-year horizon. The growth would be driven by strong demand for annuity and protection plans. Meanwhile, growth in ULIP could be muted given the volatile market conditions. 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, frauds, lapse ratio, any unfavourable changes in macro-economic factors, and uncertainties in the regulatory landscape could be characterised as key challenges to the industry growth. 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	412.4	329.6	939.5	2.0	1.5	2.2
Aegon Life	8.3	6.1	0.4	0.04	0.03	0.001
Ageas Federal Life	24.4	57.5	74.4	0.1	0.3	0.2
Aviva Life	30.9	20.6	36.3	0.2	0.1	0.1
Bajaj Allianz Life	489.7	681.0	1,657.1	2.4	3.0	3.9
Bharti Axa Life	63.0	84.5	113.0	0.3	0.4	0.3
Canara HSBC OBC Life	263.9	374.6	222.0	1.3	1.6	0.5
Edelweiss Tokio Life	35.3	37.7	42.4	0.2	0.2	0.1
Exide Life	57.0	87.9	107.4	0.3	0.4	0.3
Future Generali Life	33.3	60.8	134.3	0.2	0.3	0.3
HDFC Life	1,306.5	2,128.9	2,976.2	6.4	9.4	7.0
ICICI Prudential Life	934.9	1,295.3	2,104.1	4.6	5.7	5.0
India First Life	106.0	262.1	303.0	0.5	1.2	0.7
Kotak Mahindra Life	279.1	424.2	699.1	1.4	1.9	1.6

Max Life	405.4	639.6	832.3	2.0	2.8	2.0
PNB Met Life	113.9	185.0	301.1	0.6	0.8	0.7
Pramerica Life	22.9	35.9	59.8	0.1	0.2	0.1
Reliance Nippon Life	89.3	113.0	172.2	0.4	0.5	0.4
Sahara Life	-	-	-	0.0	0.0	0.0
SBI Life	1,555.9	1,576.8	2,764.6	7.6	6.9	6.5
Shriram Life	33.7	79.1	125.3	0.2	0.3	0.3
Star Union Dai-ichi Life	31.6	93.2	411.6	0.2	0.4	1.0
Tata AIA Life	376.2	338.0	786.9	1.8	1.5	1.9
Private Total	6,673.6	8,911.4	14,862.6	32.6	39.2	35.0
LIC	13,793.2	13,804.4	27,557.3	67.4	60.8	65.0
Grand Total	20,466.8	22,715.8	42,420.0	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

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