

Life Insurance First Year Monthly Premium – Q1FY22 numbers continue their growth momentum.

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Overview

First Year Premium of life insurers witnessed a small increase of 4% in June 2021 to Rs 30,009 crores from Rs 28,869 crores in June 2020. The rise can be attributed to an increase in the group single premiums for June 2021. However, localised lockdowns and the second Covid wave, limited the rise. A similar trend was observed for the first three months of the financial year, Q1FY22 numbers have reported a growth of 6.9% to Rs 52,725 crores from Rs. 49,335 crores for Q1FY21 (given that last year this period was under a national lockdown). The Q1FY20 numbers are not directly comparable as group non single premiums had increased due to the gratuity limit increase which necessitated liability adjustment. If the same is normalized, we can observe a growth trend over the same period. .

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	12,977	43.4%	-25.4%	-5.5%
June	32,241	28,869	30,009	94.1%	-10.5%	4.0%
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

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

Insurer	For June 2019	For June 2020	For June 2021	Jun 2020 Growth in %	Jun 2021 Growth in %	YTD Jun, FY20	YTD Jun, FY21	YTD Jun, FY22	YTD Jun, FY21 Growth %	YTD Jun, FY22 Growth %
Private Total	6,211.2	6,131.8	8,213.2	-1.3%	33.9%	15,842.4	12,805.4	17,124.6	-19.2%	33.7%
Individual Single Premium	747.6	1,104.9	1,215.3	47.8%	10.0%	1,867.7	1,995.3	2,674.2	6.8%	34.0%
Individual Non-Single Premium	3,202.8	2,937.3	3,425.3	-8.3%	16.6%	7,354.2	5,598.7	7,058.1	-23.9%	26.1%
Group Single Premium	1,833.5	1,737.7	2,651.5	-5.2%	52.6%	5,470.2	4,199.6	5,945.2	-23.2%	41.6%
Group Non-Single Premium	9.2	5.4	5.9	-41.9%	9.7%	24.5	31.5	34.2	28.2%	8.8%
Group Yearly Renewable Premium	418.1	346.6	915.3	-17.1%	164.1%	1,125.8	980.3	1,412.8	-12.9%	44.1%
LIC of India	26,030.2	22,736.8	21,796.3	-12.7%	-4.1%	44,794.8	36,530.0	35,600.7	-18.5%	-2.5%
Individual Single Premium	1,666.8	2,196.9	1,573.4	31.8%	-28.4%	4,174.0	3,655.2	3,355.5	-12.4%	-8.2%
Individual Non-Single Premium	1,916.7	2,020.9	2,114.0	5.4%	4.6%	4,974.3	4,421.6	4,656.1	-11.1%	5.3%
Group Single Premium	11,354.5	18,044.2	17,913.0	58.9%	-0.7%	21,616.1	25,887.5	27,163.9	19.8%	4.9%
Group Non-Single Premium	11,065.6	460.2	160.9	-95.8%	-65.0%	13,978.9	2,508.9	330.6	-82.1%	-86.8%
Group Yearly Renewable Premium	26.7	14.7	34.9	-44.7%	137.2%	51.5	56.9	94.6	10.5%	66.3%
Grand Total	32,241.3	28,868.7	30,009.5	-10.5%	4.0%	60,637.2	49,335.4	52,725.3	-18.6%	6.9%
Individual Single Premium	2,414.4	3,301.8	2,788.7	36.8%	-15.5%	6,041.7	5,650.6	6,029.7	-6.5%	6.7%
Individual Non-Single Premium	5,119.4	4,958.2	5,539.3	-3.1%	11.7%	12,328.5	10,020.3	11,714.2	-18.7%	16.9%
Group Single Premium	13,187.9	19,781.8	20,564.5	50.0%	4.0%	27,086.3	30,087.0	33,109.2	11.1%	10.0%
Group Non-Single Premium	11,074.8	465.5	166.8	-95.8%	-64.2%	14,003.5	2,540.4	364.8	-81.9%	-85.6%
Group Yearly Renewable Premium	444.8	361.3	950.3	-18.8%	163.0%	1,177.2	1,037.2	1,507.4	-11.9%	45.3%

Source: IRDAI

- Typically, the first quarter of the year is subdued for the life insurance companies. LIC's first year premium decreased by 4.1% in June 2021 compared to the drop of 12.7% in June 2020, while private companies grew sharply at 33.9% in June 2021 after witnessing a marginal decline of 1.3% in June 2020. A similar trend continued for Q1FY22, where LIC reported a drop of 2.5% vs. the significantly higher growth of 33.7% reported by the private companies.

- LIC continues to maintain its dominant share in the first-year premium for Q1FY22 (LIC share of 67.5% vs. 32.5% share of private companies). However, LIC has continued to cede ground to the private sector given that the private sector has been growing at a faster pace.
- Companies with a strong bancassurance channel such as Max Life, HDFC Life and ICICI Prudential have continued to report significant growth.

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

Premium Type	For June 2019	For June 2020	For June 2021	Jun 2020 Growth in %	Jun 2021 Growth in %	YTD Jun, FY20	YTD Jun, FY21	YTD Jun, FY22	YTD Jun, FY21 Growth %	YTD Jun, FY22 Growth %
Single	15,602.4	23,083.6	23,353.1	47.9%	1.2%	33,128.0	35,737.6	39,138.9	7.9%	9.5%
Non-Single	16,639.0	5,785.0	6,656.3	-65.2%	15.1%	27,509.2	13,597.8	13,586.4	-50.6%	-0.1%

Source: IRDAI

- For June 2021, non-single premiums grew at a much sharper rate compared to the single premiums but remain nearly one-fourth of the single premiums for the month. However, single premium growth has continued to be a strong support for the overall premium growth. The share of single premiums has grown from 55% for Q1FY20 to 74% in Q1FY22.
- The private sector has a larger share in the non-single sib-segment, while LIC continues to dominate the single premium sib-segment.

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

Premium Type	For June 2019	For June 2020	For June 2021	Jun 2020 Growth in %	Jun 2021 Growth in %	YTD Jun, FY20	YTD Jun, FY21	YTD Jun, FY22	YTD Jun, FY21 Growth %	YTD Jun, FY22 Growth %
Individual	7,533.8	8,260.0	8,328.0	9.6%	0.8%	18,370.2	15,670.9	17,743.9	-14.7%	13.2%
Group	24,707.5	20,608.7	21,681.5	-16.6%	5.2%	42,267.1	33,664.6	34,981.4	-20.4%	3.9%

Source: IRDAI

- For June 2021, the group premiums grew at a much faster pace of 5.2% (vs a fall of 16.6% in June 2020) compared to the growth of 0.8% (vs a growth of 9.6% in June 2020) in individual premiums. On the other hand, the Q1FY22 premiums (group as well as individual) reported a reversal of the fall witnessed in Q1FY20. Individual premiums have continued to grow at a much faster rate than group premiums yet remain significantly smaller in size compared to group premiums. This increase in individual premiums can be accounted by the non-single premium sub-segment, especially in the private sector.

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

Sum Assured	For June 2019	For June 2020	For June 2021	Jun 2020 Growth in %	Jun 2021 Growth in %	YTD Jun, FY20	YTD Jun, FY21	YTD Jun, FY22	YTD Jun, FY21 Growth %	YTD Jun, FY22 Growth %
Private	3.8	3.5	3.6	-6.7%	1.1%	8.9	7.8	10.5	-12.7%	34.4%
LIC	0.4	0.6	0.9	30.6%	63.4%	1.1	0.9	1.5	-14.9%	60.7%
Total	4.2	4.1	4.5	-2.8%	9.7%	10.0	8.8	12.0	-12.9%	37.2%

Source: IRDAI

- In terms of Sum Assured, the sector reported an increase of 9.7% to Rs 4.5 lakh crores for June 2021 from Rs 4.1 lakh crores for June 2020. The growth has been driven by group single premium and group yearly renewable policies. On the other hand, for Q1FY22, the growth has been to 12 lakh crores from 8.8 lakh crores for Q1FY21. The growth has been driven by the group policies as these policies are generally renewed in the first quarter of the year. However, individual non-single policies continue to have the largest share of the sum assured. The private sector has continued to account for the lion's share (~87%) of the sum assured indicative of its focus on protection plans.

Given the demographics and market under penetration, the life industry is expected to demonstrate sustained long-term growth. Growth is being driven by unit-linked products and protection plans. Key risks such as a delay in the economic recovery and resurgence of covid cases i.e., a third wave could negatively impact premium growth and result in term plans witnessing price hikes. On the other hand, the digital push across both the premium sourcing as well as servicing is expected to augur well for the sector.

According to the RBI's Financial Stability Report, during FY21, the life insurance industry received 22,205 claims worth Rs. 1,644.56 crore where death was due to COVID-19 and related complications, which amounted to 0.3% of total annual premium income. However, in Q1FY22, the sector has witnessed a significant jump in covid claims, and higher mortality related provisioning due to the second wave of the pandemic, consequently the sector could witness pressure on the bottom-line in Q1FY22.

Figure 6: Company wise share in First Year Premium - Rs cr

Insurer	YTD Jun, FY20	YTD Jun, FY21	YTD Jun, FY22	Mkt Sh. YTD Jun, FY20	Mkt Sh. YTD Jun, FY21	Mkt Sh. YTD Jun, FY22
Aditya Birla Sun Life	510.1	916.5	670.4	0.8%	1.9%	1.3%
Aegas Federal Life	102.9	63.9	101.6	0.2%	0.1%	0.2%
Aegon Life	22.5	13.1	8.7	0.0%	0.0%	0.0%
Aviva Life	41.9	47.2	39.4	0.1%	0.1%	0.1%
Bajaj Allianz Life	1,013.7	741.6	1,295.9	1.7%	1.5%	2.5%
Bharti Axa Life	191.8	109.7	151.7	0.3%	0.2%	0.3%
Canara HSBC OBC Life	426.0	481.3	758.3	0.7%	1.0%	1.4%
Edelweiss Tokio Life	57.7	62.8	65.7	0.1%	0.1%	0.1%
Exide Life	155.0	101.8	163.6	0.3%	0.2%	0.3%
Future Generali Life	149.3	65.7	99.0	0.2%	0.1%	0.2%
HDFC Life	3,982.0	2,653.2	3,814.6	6.6%	5.4%	7.2%
ICICI Prudential Life	2,226.1	1,499.5	2,558.5	3.7%	3.0%	4.9%
India First Life	427.4	186.2	434.0	0.7%	0.4%	0.8%
Kotak Mahindra Life	938.0	565.9	715.0	1.5%	1.1%	1.4%
Max Life	909.4	899.4	1,239.1	1.5%	1.8%	2.4%
PNB Met Life	325.1	238.9	321.2	0.5%	0.5%	0.6%
Pramerica Life	148.0	38.4	54.8	0.2%	0.1%	0.1%
Reliance Nippon Life	227.1	160.5	183.4	0.4%	0.3%	0.3%
Sahara Life	0.0	0.0	0.0	0.0%	0.0%	0.0%
SBI Life	3,152.4	3,058.3	3,343.9	5.2%	6.2%	6.3%
Shriram Life	142.0	81.0	145.2	0.2%	0.2%	0.3%
Star Union Dai-ichi Life	116.5	105.4	299.6	0.2%	0.2%	0.6%
Tata AIA Life	577.4	715.2	661.0	1.0%	1.4%	1.3%
Private Total	15,842.4	12,805.4	17,124.6	26.1%	26.0%	32.5%
LIC of India	44,794.8	36,530.0	35,600.7	73.9%	74.0%	67.5%
Grand Total	60,637.2	49,335.4	52,725.3	100.0%	100.0%	100.0%

Source: IRDAI

Contact:

Sanjay Agarwal
Saurabh Bhalerao
Mradul Mishra

Senior Director
Associate Director – BFSI Research
(Media Contact)

sanjay.agarwal@careratings.com
saurabh.bhalerao@careratings.com
mradul.mishra@careratings.com

+91-22-6754 3582/+91-810-800-7676
+91-22-6754 3519/+91-900-495-2514
+91-22-6754 3573

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

Connect:

