

Life Insurance Premium Sees Significant Upsurge in July, Group Single Premiums Steal the Show



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Overview

The first-year premium of life insurers jumped to Rs 39,079 crore in July 2022 from Rs 20,435 crore in July 2021, exhibiting a y-o-y growth rate of 91.2%, which was significantly higher than the rate reported in July 2020, while last July (i.e., July 2021), the segment reported a decline. The growth can primarily be attributed to group single premiums and more specifically to LIC. The year-to-date first-year premium numbers grew by 54.1% vs. 1.2% growth reported in the same period last year. After the listing of LIC, over 80% of new business premium comes from directly listed entities. The year-to-date growth too can be attributed to an increase in group single premiums, and 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	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		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

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

Insurer	Jul 2020	Jul 2021	Jul 2022	Jul 2021 Growth (%)	Jul 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Private Total	7,815.1	8,403.8	9,962.2	7.5	18.5	20,620.6	25,528.4	35,436.4	23.8	38.8
Individual Single	1,136.2	1,473.9	1,536.4	29.7	4.2	3,131.5	4,148.1	5,130.6	32.5	23.7
Individual Non-Single	3,094.2	4,040.3	4,269.6	30.6	5.7	8,692.9	11,098.4	14,650.2	27.7	32.0
Group Single	3,119.4	2,320.1	3,322.0	-25.6	43.2	7,319.0	8,265.3	12,643.7	12.9	53.0
Group Non-Single	9.4	55.7	13.4	494.8	-75.9	40.8	89.9	52.4	120.2	-41.7
Group Yearly Renew	456.0	513.8	820.9	12.7	59.8	1,436.4	1,926.7	2,959.5	34.1	53.6
LIC	15,171.0	12,030.9	29,116.7	-20.7	142.0	51,701.0	47,631.6	77,317.7	-7.9	62.3
Individual Single	3,306.0	2,141.6	1,903.0	-35.2	-11.1	6,961.2	5,497.1	6,536.3	-21.0	18.9
Individual Non-Single	2,274.3	2,280.9	2,436.9	0.3	6.8	6,695.9	6,937.0	8,720.4	3.6	25.7
Group Single	8,985.0	7,313.4	24,285.6	-18.6	232.1	34,872.5	34,477.4	60,429.4	-1.1	75.3
Group Non-Single	593.7	176.7	435.7	-70.2	146.6	3,102.5	507.3	1,487.1	-83.6	193.1
Group Yearly Renew	12.0	118.3	55.5	885.8	-53.1	68.9	212.9	144.6	209.1	-32.1
Grand Total	22,986.1	20,434.7	39,078.9	-11.1	91.2	72,321.5	73,160.0	1,12,754.0	1.2	54.1
Individual Single	4,442.1	3,615.5	3,439.4	-18.6	-4.9	10,092.7	9,645.2	11,666.9	-4.4	21.0
Individual Non-Single	5,368.5	6,321.2	6,706.5	17.7	6.1	15,388.8	18,035.4	23,370.5	17.2	29.6
Group Single	12,104.4	9,633.5	27,607.5	-20.4	186.6	42,191.4	42,742.7	73,073.1	1.3	71.0
Group Non-Single	603.0	232.4	449.1	-61.5	93.3	3,143.4	597.2	1,539.5	-81.0	157.8
Group Yearly Renew	468.0	632.1	876.4	35.1	38.6	1,505.2	2,139.5	3,104.0	42.1	45.1

Source: IRDAI, Life Insurance Council

- Private insurers grew at 18.5% in July 2022 vs. 29.2% in June 2022 and 7.5% in July 2021 (base effect/ lockdown disruptions). Meanwhile, LIC's first-year premium rose significantly by 142% for July 2022 against a decline of 20.7% witnessed in July 2021. The monthly increase can be attributed to a rise in group single premiums. The year-to-date numbers, LIC reported a growth rate of 62.3% against a decline reported for the same period last year. Meanwhile, its private peers improved their growth rate to 38.8% from 23.8% last year. LIC continues to maintain its dominant share in the first-year premium (68.6% vs. 31.4% share of private companies).

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

Premium Type	Jul 2020	Jul 2021	Jul 2022	Jul 2021 Growth (%)	Jul 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Single	16,546.6	13,249.0	31,046.9	-19.9	134.3	52,284.2	52,387.9	84,740.0	0.2	61.8
Non-Single	6,439.5	7,185.7	8,032.0	11.6	11.8	20,037.4	20,772.1	28,014.1	3.7	34.9

Source: IRDAI, Life Insurance Council

- For July 2022, non-single premiums maintained their growth rate of 11.8% vs. 11.6% reported in July 2021. On the other hand, single premiums reported a substantial growth rate of 134.3%, compared to a drop of 19.9% last July. 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 75% for the first four months of FY23 (vs. 72% for the first four months of FY22).
- 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.
- Pension plans (grew by over 100% in July 2022), General Annuity (dropped by over 30% in July 2022) and Group Gratuity Schemes (grew by over 50% in July 2022) continue to account for a significant chunk of the group, while General annuity plans (grew by 19% in July 2022) dominate individual single premiums.

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

Premium Type	Jul 2020	Jul 2021	Jul 2022	Jul 2021 Growth (%)	Jul 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Individual	9,810.6	9,936.7	10,145.9	1.3	2.1	25,481.5	27,680.6	35,037.4	8.6	26.6
Group	13,175.5	10,498.0	28,933.0	-20.3	175.6	46,840.0	45,479.4	77,716.6	-2.9	70.9

Source: IRDAI, Life Insurance Council

- For July 2022, the group premiums increased by 175.6%, while individual premiums grew by a much more muted 2.1%. The individual premium growth was in line with July 2021, while group premiums reversed the drop witnessed last July. For the year-to-date numbers, growth in individual premiums was outstripped by the growth in group premiums for new business which was not in line with the numbers for the same period last year. Individual premiums continue to remain smaller in size compared to group premiums.

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

Premium Type	Jul 2020	Jul 2021	Jul 2022	Jul 2021 Growth (%)	Jul 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Private	3.0	3.4	4.4	12.2	27.4	10.9	13.9	16.3	28.2	17.0
LIC	0.8	1.0	1.5	26.1	61.5	1.7	2.5	3.6	45.3	46.6
Total	3.8	4.4	5.9	14.9	34.8	12.6	16.4	19.9	30.5	21.4

Source: IRDAI

- In July 2022, the sum assured of both LIC as well as private companies grew faster than the growth witnessed in July 2021. However, for the year-to-date period, LIC has maintained its growth rate while its private peers witnessed a slower growth rate. Further, given the preponderance of policies geared towards single premium/ annuity plans, LIC's share remains small, as the private companies focus on protection plans, meanwhile, LIC for the first four months of FY23 has increased its share in sum assured compared to the same period last year by approximately 300 bps.

CareEdge View

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP. The premium growth of life insurers is anticipated to remain healthy for FY23 as it would be the first full year without any Covid-related restrictions. CareEdge expects the life insurance industry to continue to grow in the low double digits over a three-to-five-year time frame. The growth would be driven by a supportive regulatory landscape, strong demand for annuity and protection plans. 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, and any unfavourable changes in macro-economic factors could be characterised as key challenges to the industry growth. Overall, the outlook is expected to be positive in the medium term.

Annexure

Figure 6: 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	1,291.7	986.7	1,803.5	1.8	1.3	1.6
Aegas Federal Life	109.3	168.7	215.4	0.2	0.2	0.2
Aegon Life	20.0	10.5	0.9	0.03	0.01	0.001
Aviva Life	63.3	72.1	78.3	0.1	0.1	0.1
Bajaj Allianz Life	1,344.4	1,932.8	3,812.6	1.9	2.6	3.4
Bharti Axa Life	161.3	224.1	267.9	0.2	0.3	0.2
Canara HSBC OBC Life	592.3	910.7	783.2	0.8	1.2	0.7
Edelweiss Tokio Life	92.2	101.4	112.9	0.1	0.1	0.1
Exide Life	148.0	248.3	238.9	0.2	0.3	0.2
Future Generali Life	93.0	130.4	190.7	0.1	0.2	0.2
HDFC Life	4,628.9	5,862.1	6,782.1	6.4	8.0	6.0
ICICI Prudential Life	2,348.2	3,715.5	4,528.5	3.2	5.1	4.0
India First Life	572.1	616.4	713.4	0.8	0.8	0.6
Kotak Mahindra Life	876.1	1,057.0	1,706.0	1.2	1.4	1.5
Max Life	1,369.2	1,812.8	2,067.3	1.9	2.5	1.8
PNB Met Life	370.4	479.1	728.9	0.5	0.7	0.6
Pramerica Life	51.1	77.2	141.8	0.1	0.1	0.1
Reliance Nippon Life	229.0	294.6	325.7	0.3	0.4	0.3
Sahara Life	-	-	-	0.0	0.0	0.0
SBI Life	4,967.4	5,144.5	7,915.0	6.9	7.0	7.0
Shriram Life	122.0	208.8	284.2	0.2	0.3	0.3
Star Union Dai-ichi Life	190.8	437.2	935.2	0.3	0.6	0.8
Tata AIA Life	980.0	1,037.6	1,804.2	1.4	1.4	1.6
Private Total	20,620.6	25,528.4	35,436.4	28.5	34.9	31.4
LIC	51,701.0	47,631.6	77,317.7	71.5	65.1	68.6
Grand Total	72,321.5	73,160.0	1,12,754.0	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

Connect :     

Locations: Ahmedabad | Andheri-Mumbai | Bengaluru | Chennai | Coimbatore | Hyderabad | Kolkata | New Delhi | Pune

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