

# Life Insurance First Year Monthly Premiums – Low Group premiums cause flat December numbers



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## Overview

First Year Premium of life insurers reported a nearly flat growth rate of 0.3% in December 2021 after increasing by 41.8% in November 2021 and reached Rs 24,466 crores from Rs. 24,383 crores in December 2020. The marginal growth in monthly numbers can be attributed to a fall in group premiums which was offset by a rise in individual premiums.

For 9M FY22, the life insurance sector reported a growth rate of 7.4% compared to a marginal decrease of 1.7% for 9M FY21. Due to the Covid-19 pandemic lockdown and resultant impact, premiums were affected in FY21 and resultant different growth after the same, base effect may also be possible in monthly FY22 numbers. Hence, even if we observe the two-year CAGR performance, private players have continued to post a strong growth momentum.

**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	20,435	6.4%	6.9%	-11.1%
August	23,555	27,040	27,821	26.4%	14.8%	2.9%
September	20,057	25,366	31,001	14.7%	26.5%	22.2%
October	17,272	22,776	21,606	11.6%	31.9%	-5.1%
November	26,221	19,159	27,177	76.5%	-26.9%	41.8%
December	25,080	24,383	24,466	37.5%	-2.8%	0.3%
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 Dec 2019	For Dec 2020	For Dec 2021	Dec 2020 Growth in %	Dec 2021 Growth in %	9M FY20	9M FY21	9M FY22	9M FY21 Growth %	9M FY22 Growth %
<b>Private Total</b>	<b>8,217.9</b>	<b>10,037.7</b>	<b>13,032.3</b>	<b>22.1%</b>	<b>29.8%</b>	<b>57,296.2</b>	<b>61,042.0</b>	<b>79,216.8</b>	<b>6.5%</b>	<b>29.8%</b>
Individual Single Premium	969.7	1,417.1	1,828.9	46.1%	29.1%	6,326.5	8,894.5	11,773.8	40.6%	32.4%
Individual Non-Single Premium	5,146.7	5,259.0	6,807.7	2.2%	29.4%	29,242.2	27,243.6	35,388.9	-6.8%	29.9%
Group Single Premium	1,703.4	2,613.0	3,807.8	53.4%	45.7%	18,136.9	20,831.8	27,071.9	14.9%	30.0%
Group Non-Single Premium	22.0	24.6	114.2	11.8%	364.9%	121.0	212.1	275.9	75.3%	30.0%
Group Yearly Renewable Premium	376.2	724.1	473.7	92.5%	-34.6%	3,469.5	3,859.9	4,706.4	11.3%	21.9%
<b>LIC of India</b>	<b>16,862.0</b>	<b>14,345.7</b>	<b>11,434.1</b>	<b>-14.9%</b>	<b>-20.3%</b>	<b>1,37,034.9</b>	<b>1,30,004.4</b>	<b>1,26,015.0</b>	<b>-5.1%</b>	<b>-3.1%</b>
Individual Single Premium	1,232.0	1,885.9	2,072.5	53.1%	9.9%	17,885.1	23,007.2	16,671.3	28.6%	-27.5%
Individual Non-Single Premium	2,722.0	2,774.0	2,938.5	1.9%	5.9%	20,368.2	17,494.6	19,154.6	-14.1%	9.5%
Group Single Premium	10,404.9	9,328.4	6,017.8	-10.3%	-35.5%	72,025.7	84,046.7	87,331.6	16.7%	3.9%
Group Non-Single Premium	2,480.2	327.0	313.2	-86.8%	-4.2%	26,231.3	5,016.2	1,909.0	-80.9%	-61.9%
Group Yearly Renewable Premium	22.9	30.5	92.2	33.3%	202.7%	524.7	439.7	948.6	-16.2%	115.7%
<b>Grand Total</b>	<b>25,079.9</b>	<b>24,383.4</b>	<b>24,466.5</b>	<b>-2.8%</b>	<b>0.3%</b>	<b>1,94,331.1</b>	<b>1,91,046.4</b>	<b>2,05,231.9</b>	<b>-1.7%</b>	<b>7.4%</b>
Individual Single Premium	2,201.7	3,303.0	3,901.4	50.0%	18.1%	24,211.6	31,901.6	28,445.1	31.8%	-10.8%
Individual Non-Single Premium	7,868.7	8,033.0	9,746.2	2.1%	21.3%	49,610.3	44,738.3	54,543.5	-9.8%	21.9%
Group Single Premium	12,108.3	11,941.4	9,825.6	-1.4%	-17.7%	90,162.6	1,04,878.5	1,14,403.5	16.3%	9.1%
Group Non-Single Premium	2,502.2	351.5	427.4	-86.0%	21.6%	26,352.3	5,228.4	2,184.9	-80.2%	-58.2%
Group Yearly Renewable Premium	399.0	754.6	565.9	89.1%	-25.0%	3,994.3	4,299.6	5,655.0	7.6%	31.5%

Source: IRDAI

- LIC's first year premium showed a drop of 20.3% in December vs a growth of 32% in November 2021 and decrease of 14.9% in December 2020, while private insurers continued to grow by a robust 29.8% in December 2020 vs a 58.6% growth in November 2021 and 22.1% in December 2020. For 9M FY22, LIC reported a drop of 3.1% vs. a significantly higher growth of 29.8% reported by the private companies.
- LIC continues to maintain its dominant share in the first-year premium for 9M FY22 (LIC share of 61.4% vs. 38.6% share of private companies). Private sector has continued to gain market share, given that it has been growing at a faster pace compared to LIC.

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

Premium Type	For Dec 2019	For Dec 2020	For Dec 2021	Dec 2020 Growth in %	Dec 2021 Growth in %	9M FY20	9M FY21	9M FY22	9M FY21 Growth %	9M FY22 Growth %
Single	14,310.0	15,244.4	13,726.9	6.5%	-10.0%	1,14,374.2	1,36,780.1	1,42,848.5	19.6%	4.4%
Non-Single	10,769.9	9,139.0	10,739.5	-15.1%	17.5%	79,956.9	54,266.3	62,383.3	-32.1%	15.0%

Source: IRDAI

- For December 2021, non-single premiums grew by 17.5%, while single premiums reported a drop of 10%, which is a reversal compared to the last year, when single premiums reported a rise and non-single premiums reported a drop. For 9M FY22, non-single premiums have grown at a significantly faster pace given the private companies focus on protection plans (further given that an increase in the term plan rates is being implemented). Single premiums continue to account for a substantial portion of the overall premiums. The share of single premiums has grown from 59% for 9M FY20 to 70% in 9M FY22.
- The private sector has a larger share in the non-single sub-segment (given their focus on individual premiums), while LIC continues to dominate the single premium sub-segment. Meanwhile, 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	For Dec 2019	For Dec 2020	For Dec 2021	Dec 2020 Growth in %	Dec 2021 Growth in %	9M FY20	9M FY21	9M FY22	9M FY21 Growth %	9M FY22 Growth %
Individual	10,070.4	11,336.0	13,647.6	12.6%	20.4%	73,821.9	76,639.9	82,988.6	3.8%	8.3%
Group	15,009.5	13,047.5	10,818.9	-13.1%	-17.1%	1,20,509.2	1,14,406.5	1,22,243.3	-5.1%	6.8%

Source: IRDAI

- For December 2021, the group premiums fell by 17.1% (vs a drop of 13.1% in December 2020), while individual premiums grew by 20.4% in December 2021 compared to an increase of 12.6% in December 2020. Meanwhile, the 9M FY22 individual premiums reported a higher growth of 8.3% vs. an increase of 3.8% witnessed in 9M FY21, while a reverse trend was observed in group premiums which grew at 6.8% vs a fall of 5.1% for 9M FY21. Individual premiums have gained market share by 30 bps in 9M FY22 vs last year but continue to remain significantly smaller in size compared to group premiums.

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

Sum Assured	For Dec 2019	For Dec 2020	For Dec 2021	Dec 2020 Growth in %	Dec 2021 Growth in %	9M FY20	9M FY21	9M FY22	9M FY21 Growth %	9M FY22 Growth %
Private	3.6	3.6	5.2	1.6%	43.8%	29.3	27.0	33.3	-8.0%	23.5%
LIC	1.0	0.7	0.8	-28.7%	12.6%	5.4	4.7	7.0	-11.7%	47.9%
Total	4.6	4.3	6.0	-5.0%	38.7%	34.7	31.7	40.3	-8.6%	27.2%

Source: IRDAI

The private companies have continued their growth path, LIC has continued its growth march vs. comparable periods in the last year. However, LIC's share remains small, given the private companies focus on protection plans.

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP, consequently the First Year Premium of life insurers is likely to grow in line with the growth in nominal GDP. The growth drivers include the rising share of digital channels, the positive demographics and market under penetration. The life insurance sector witnessed significant claims in Q1FY22 due to the second wave of the pandemic and profitability suffered as companies made provisions/ reserves to alleviate the impact of the claims. H2FY22 is expected to grow at a faster pace compared to the first half with a focus on nonparticipating and annuity plans. Short term headwinds include an increase in the cost of retail protection due to an increase in premium rates of term plans. Key risks include delay in the economic recovery, resurgence of covid cases, given the recent mutations.

## Annexure

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

Insurer	9M FY20	9M FY21	9M FY22	Mkt Sh. 9M FY20	Mkt Sh. 9M FY21	Mkt Sh. 9M FY22
Aditya Birla Sun Life	2,519.4	3,227.4	3,807.9	1.3%	1.7%	1.9%
Aegon Life	66.8	46.1	15.4	0.0%	0.0%	0.0%
Ageas Federal Life	391.8	376.9	540.8	0.2%	0.2%	0.3%
Aviva Life	166.5	133.6	183.8	0.1%	0.1%	0.1%
Bajaj Allianz Life	3,659.7	3,820.0	5,900.1	1.9%	2.0%	2.9%
Bharti Axa Life	615.5	502.7	618.0	0.3%	0.3%	0.3%
Canara HSBC OBC Life	1,147.6	1,580.2	1,920.9	0.6%	0.8%	0.9%
Edelweiss Tokio Life	250.3	264.4	291.8	0.1%	0.1%	0.1%
Exide Life	603.4	454.4	667.5	0.3%	0.2%	0.3%
Future Generali Life	541.5	271.9	289.0	0.3%	0.1%	0.1%
HDFC Life	12,276.8	13,631.7	17,188.4	6.3%	7.1%	8.4%
ICICI Prudential Life	8,172.5	7,898.9	10,247.5	4.2%	4.1%	5.0%
India First Life	1,282.2	1,370.7	1,920.2	0.7%	0.7%	0.9%
Kotak Mahindra Life	3,500.8	2,843.7	3,687.1	1.8%	1.5%	1.8%
Max Life	3,693.5	4,243.6	5,285.5	1.9%	2.2%	2.6%
PNB Met Life	1,244.0	1,170.4	1,533.0	0.6%	0.6%	0.7%
Pramerica Life	430.1	156.1	197.7	0.2%	0.1%	0.1%
Reliance Nippon Life	724.3	712.2	888.0	0.4%	0.4%	0.4%
Sahara Life	0.0	0.0	0.0	0.0%	0.0%	0.0%
SBI Life	12,787.1	14,438.4	18,792.0	6.6%	7.6%	9.2%
Shriram Life	502.6	525.7	628.7	0.3%	0.3%	0.3%
Star Union Dai-ichi Life	547.1	728.3	1,309.3	0.3%	0.4%	0.6%
Tata AIA Life	2,172.8	2,644.4	3,304.2	1.1%	1.4%	1.6%
<b>Private Total</b>	<b>57,296.2</b>	<b>61,042.0</b>	<b>79,216.8</b>	<b>29.5%</b>	<b>32.0%</b>	<b>38.6%</b>
<b>LIC of India</b>	<b>1,37,034.9</b>	<b>1,30,004.4</b>	<b>1,26,015.0</b>	<b>70.5%</b>	<b>68.0%</b>	<b>61.4%</b>
<b>Grand Total</b>	<b>1,94,331.1</b>	<b>1,91,046.4</b>	<b>2,05,231.9</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: IRDAI

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