

Life Insurance First Year Monthly Premium – May 2021 numbers record a dip as Non-Single Premiums report a fall.

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Overview

First Year Premium of life insurers witnessed a dip of 5.5% in May 2021 to Rs 12,977 crores to Rs 13,739 crores in May 2020 despite a low base and a national lock down. The decrease in May's First Year Premium has come after a significant rise of 44% in April. The fall can be attributed to the fall in non-single premiums for May 2021 and the second Covid wave, along with the lockdown in major states. On the other hand, the YTD numbers have reported a growth of 11% to Rs 22,715.8 crores for the two months ended May 2021 from Rs. 20,466.8 crores for the two months ended May 2020, however it has yet to cross the pre pandemic levels of Rs 28,395.9 crores reported for the two months ended May 2019.

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		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

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

Insurer	For May 2019	For May, 2020	For May, 2021	May 2020 Growth in %	May 2021 Growth in %	YTD May, FY20	YTD May, FY21	YTD May, FY22	YTD May, FY21 Growth %	YTD May, FY22 Growth %	Market Share YTD May, FY21	Market Share YTD May, FY22
Private Total	4,917.3	3,527.5	4,029.3	-28.3%	14.2%	9,631.3	6,673.6	8,911.4	-30.7%	33.5%	32.6%	39.2%
Individual Single Premium	681.9	583.3	729.8	-14.5%	25.1%	1,120.1	890.4	1,459.0	-20.5%	63.9%	37.9%	45.0%
Individual Non-Single Premium	2,431.4	1,638.5	1,708.2	-32.6%	4.3%	4,151.5	2,661.4	3,632.8	-35.9%	36.5%	52.6%	58.8%
Group Single Premium	1,460.6	791.3	1,328.0	-45.8%	67.8%	3,636.8	2,461.9	3,293.8	-32.3%	33.8%	23.9%	26.3%
Group Non-Single Premium	8.3	15.2	12.8	82.8%	-15.8%	15.3	26.1	28.3	70.3%	8.6%	1.3%	14.3%
Group Yearly Renewable Premium	335.1	499.2	250.4	49.0%	-49.8%	707.7	633.7	497.5	-10.4%	-21.5%	93.8%	89.3%
LIC of India	13,496.7	10,211.5	8,947.6	-24.3%	-12.4%	18,764.6	13,793.2	13,804.4	-26.5%	0.1%	67.4%	60.8%
Individual Single Premium	1,400.6	1,126.7	811.3	-19.6%	-28.0%	2,507.2	1,458.4	1,782.0	-41.8%	22.2%	62.1%	55.0%
Individual Non-Single Premium	1,698.4	1,668.3	1,304.7	-1.8%	-21.8%	3,057.6	2,400.7	2,542.1	-21.5%	5.9%	47.4%	41.2%
Group Single Premium	7,621.9	5,859.7	6,666.5	-23.1%	13.8%	10,261.6	7,843.3	9,250.9	-23.6%	17.9%	76.1%	73.7%
Group Non-Single Premium	2,764.2	1,525.0	143.4	-44.8%	-90.6%	2,913.4	2,048.7	169.7	-29.7%	-91.7%	98.7%	85.7%
Group Yearly Renewable Premium	11.6	31.8	21.7	175.4%	-31.9%	24.8	42.1	59.6	69.8%	41.5%	6.2%	10.7%
Grand Total	18,414.0	13,739.0	12,977.0	-25.4%	-5.5%	28,395.9	20,466.8	22,715.8	-27.9%	11.0%		
Individual Single Premium	2,082.5	1,710.0	1,541.1	-17.9%	-9.9%	3,627.2	2,348.8	3,241.0	-35.2%	38.0%		
Individual Non-Single Premium	4,129.9	3,306.8	3,012.9	-19.9%	-8.9%	7,209.1	5,062.1	6,174.9	-29.8%	22.0%		
Group Single Premium	9,082.5	6,651.0	7,994.6	-26.8%	20.2%	13,898.4	10,305.2	12,544.7	-25.9%	21.7%		
Group Non-Single Premium	2,772.5	1,540.2	156.3	-44.4%	-89.9%	2,928.7	2,074.8	198.1	-29.2%	-90.5%		
Group Yearly Renewable Premium	346.6	531.1	272.1	53.2%	-48.8%	732.5	675.9	557.1	-7.7%	-17.6%		

Source: IRDAI

- LIC's first year premium decreased by 12.4% in May 2021 compared to the drop of 24.3% in May 2020, while private companies grew at 14.2% in May 2021 after witnessing a fall of 28.3% in May 2020. On the other hand, LIC reported a flat growth of 0.1% for the period ended May 2021 vs. the significantly higher rate of 33.5% reported by the private companies, which resulted in the sector reporting a growth of 11% for the two months of FY22. Despite this increase over the last year, the YTD premiums have not reached the pre-pandemic levels seen in the first two months of FY20.
- LIC continues to maintain its dominant share in the first-year premium for the period ended May 2021 (LIC share of 60.8% vs. 39.2% share of private companies), however, it is ceding ground to the private players given that the private players are growing at a faster pace.

- Companies with a strong bancassurance channel such as Max Life, HDFC Life and ICICI Prudential have reported significant growth.
- Given the vaccination trends, the term plan growth could be hampered with certain companies asking for at least one vaccine dose amongst the younger populace and both doses in older people.

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

Premium Type	For May 2019	For May, 2020	For May, 2021	May 2020 Growth in %	May 2021 Growth in %	YTD May, FY20	YTD May, FY21	YTD May, FY22	YTD May, FY21 Growth %	YTD May, FY22 Growth %
Single	11,165.0	8,361.0	9,535.7	-25.1%	14.1%	17,525.6	12,654.0	15,785.7	-27.8%	24.7%
Non-Single	7,249.0	5,378.0	3,441.3	-25.8%	-36.0%	10,870.3	7,812.8	6,930.0	-28.1%	-11.3%

Source: IRDAI

- Single premium growth has continued to be a strong support for the overall premium growth. The share of single premiums has grown from 62% for the period ended May 2019 to 69% in April 2021. Additionally, for the period ended May 2021, single premium segment reported a growth rate of 24.7%, compared to the decline of 11.3% in the non-single premiums segment.

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

Premium Type	For May 2019	For May, 2020	For May, 2021	May 2020 Growth in %	May 2021 Growth in %	YTD May, FY20	YTD May, FY21	YTD May, FY22	YTD May, FY21 Growth %	YTD May, FY22 Growth %
Individual	6,212.4	5,016.8	4,554.1	-19.2%	-9.2%	10,836.3	7,410.9	9,415.9	-31.6%	27.1%
Group	12,201.6	8,722.2	8,422.9	-28.5%	-3.4%	17,559.6	13,055.9	13,299.9	-25.6%	1.9%

Source: IRDAI

- For the month of May 2021, individual as well as group premiums have reported a drop, while on the other hand, for the two months ended May 2021, individual premiums grew at a much faster rate than group premiums yet remain smaller in size compared to group premiums. This increase in individual premiums can be accounted by the 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 May 2019	For May, 2020	For May, 2021	May 2020 Growth in %	May 2021 Growth in %	YTD May, FY20	YTD May, FY21	YTD May, FY22	YTD May, FY21 Growth %	YTD May, FY22 Growth %
Private	2.7	2.1	3.7	-23.5%	74.8%	5.2	4.3	6.9	-17.1%	61.8%
LIC	0.4	0.3	0.3	-24.3%	-5.9%	0.7	0.4	0.6	-44.6%	56.7%
Total	3.1	2.4	3.9	-23.6%	65.3%	5.8	4.7	7.5	-61.7%	118.5%

Source: IRDAI

- In terms of Sum Assured, the sector reported an increase of 65% to Rs 3.9 lakh crores for May 2021 from Rs 2.4 lakh crores for May 2020. The growth has been driven by group single premium policies. On the other hand, for the two months ended, the growth has been to 7.5 lakh crores for the period up to May 2021 from 4.7 lakh crores for the period up to May 2020. The growth has been driven by the group policies as April and May are the months when these policies are typically renewed/ purchased. The private sector has continued to account for the lion's share (over 90%) of the sum assured.

Despite the manifold challenges present in the current scenario, the life industry is expected to demonstrate significant long-term growth given the demographics and market under penetration. With improved equity markets, customer preference for equity-market linked products (ULIPs) is expected to gradually improve, while growth in protection (term plans resulting in higher sum assured especially of the private players) and annuity products is expected to continue. The growth is expected to be driven by the private sector who grew at a much faster pace compared to the public sector. 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. On the other hand, the digital push across both the premium sourcing as well as servicing is expected to augur well for the sector.

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

Insurer	YTD May, FY20	YTD May, FY21	YTD May, FY22	Mkt Sh. YTD May, FY20	Mkt Sh. YTD May, FY21	Mkt Sh. YTD May, FY22
Aditya Birla Sun Life	297.6	412.4	329.6	1.0%	2.0%	1.5%
Aegas Federal Life	55.1	24.4	57.4	0.2%	0.1%	0.3%
Aegon Life	15.4	8.3	6.1	0.1%	0.0%	0.0%
Aviva Life	16.5	30.9	20.6	0.1%	0.2%	0.1%
Bajaj Allianz Life	545.2	489.7	681.0	1.9%	2.4%	3.0%
Bharti Axa Life	118.8	63.0	84.5	0.4%	0.3%	0.4%
Canara HSBC OBC Life	246.2	263.9	374.6	0.9%	1.3%	1.6%
Edelweiss Tokio Life	30.5	35.3	37.7	0.1%	0.2%	0.2%
Exide Life	95.6	57.0	87.9	0.3%	0.3%	0.4%
Future Generali Life	90.2	33.3	60.8	0.3%	0.2%	0.3%
HDFC Life	2,623.5	1,306.5	2,128.9	9.2%	6.4%	9.4%
ICICI Prudential Life	1,328.2	934.9	1,295.3	4.7%	4.6%	5.7%
India First Life	308.1	106.0	262.1	1.1%	0.5%	1.2%
Kotak Mahindra Life	646.1	279.1	424.2	2.3%	1.4%	1.9%
Max Life	487.5	405.4	639.6	1.7%	2.0%	2.8%
PNB Met Life	181.4	113.9	185.0	0.6%	0.6%	0.8%
Pramerica Life	99.2	22.9	35.9	0.3%	0.1%	0.2%
Reliance Nippon Life	160.3	89.3	113.0	0.6%	0.4%	0.5%
Sahara Life	0.0	0.0	0.0	0.0%	0.0%	0.0%
SBI Life	1,842.4	1,555.9	1,576.8	6.5%	7.6%	6.9%
Shriram Life	74.8	33.7	79.1	0.3%	0.2%	0.3%
Star Union Dai-ichi Life	50.2	31.6	93.2	0.2%	0.2%	0.4%
Tata AIA Life	318.5	376.2	338.0	1.1%	1.8%	1.5%
Private Total	9,631.3	6,673.6	8,911.4	33.9%	32.6%	39.2%
LIC of India	18,764.6	13,793.2	13,804.4	66.1%	67.4%	60.8%
Grand Total	28,395.9	20,466.8	22,715.8	100.0%	100.0%	100.0%

Source: IRDAI

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