

LIC Leads Growth in September 2022, Group Single Premiums Extend Dominance in H1FY23

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Overview

The first-year premium of life insurers reached Rs 36,367 crore in September 2022 from Rs 31,001 crore in September 2021, exhibiting a y-o-y growth rate of 17.3%, which was lower than the rate reported in September 2020 and September 2021. Meanwhile, premiums increased sequentially compared to August 2022. The growth can primarily be attributed to group single premiums and more specifically to LIC, while private players in aggregate reported a fall in premiums. The H1FY23 first-year premium numbers grew by 37.9% vs. the 5.8% growth reported in the same period last year. Directly listed life insurers accounted for over 80% of the new business premiums. The H1FY23 growth can also be attributed to an increase in group single premiums, and 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	32,856	14.8	2.9	18.1
September	25,366	31,001	36,367	26.5	22.2	17.3
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	Sep 2020	Sep 2021	Sep 2022	Sep 2021 Growth (%)	Sep 2022 Growth (%)	H1 FY21	H1 FY22	H1 FY23	H1 FY22 Growth (%)	H1 FY23 Growth (%)
Private Total	8,763.5	12,481.0	11,375.3	42.4	-8.9	36,709.6	46,869.3	57,785.9	27.7	23.3
Individual Single	1,216.4	1,681.8	1,939.4	38.3	15.3	5,445.7	7,280.3	8,739.1	33.7	20.0
Individual Non-Single	3,674.1	4,957.5	5,263.2	34.9	6.2	15,487.8	20,404.1	24,640.1	31.7	20.8
Group Single	3,155.2	5,093.9	3,534.6	61.4	-30.6	13,333.8	15,824.9	19,733.5	18.7	24.7
Group Non-Single	13.5	18.3	18.8	35.6	2.5	61.9	127.9	89.8	106.7	-29.8
Group Yearly Renew	704.4	729.5	619.4	3.6	-15.1	2,380.5	3,232.1	4,583.5	35.8	41.8
LIC	16,602.8	18,520.2	24,991.3	11.5	34.9	88,018.0	85,112.6	1,24,191.1	-3.3	45.9
Individual Single	2,657.6	2,292.2	2,118.8	-13.7	-7.6	15,048.4	10,100.6	10,770.9	-32.9	6.6
Individual Non-Single	1,991.6	2,523.9	2,495.1	26.7	-1.1	10,857.4	11,805.3	13,712.8	8.7	16.2
Group Single	11,366.2	13,367.1	19,715.9	17.6	47.5	57,969.2	61,741.3	96,878.2	6.5	56.9
Group Non-Single	442.6	191.2	567.7	-56.8	196.9	3,863.3	805.4	2,496.2	-79.2	209.9
Group Yearly Renew	144.9	145.8	93.7	0.6	-35.7	279.9	660.0	333.0	135.8	-49.5
Grand Total	25,366.3	31,001.2	36,366.5	22.2	17.3	1,24,727.7	1,31,981.9	1,81,977.0	5.8	37.9
Individual Single	3,873.9	3,974.0	4,058.2	2.6	2.1	20,494.0	17,380.8	19,510.0	-15.2	12.2
Individual Non-Single	5,665.7	7,481.4	7,758.3	32.0	3.7	26,345.2	32,209.4	38,352.9	22.3	19.1
Group Single	14,521.4	18,461.0	23,250.5	27.1	25.9	71,302.9	77,566.3	1,16,611.7	8.8	50.3
Group Non-Single	456.0	209.5	586.5	-54.1	179.9	3,925.1	933.3	2,586.0	-76.2	177.1
Group Yearly Renew	849.3	875.3	713.1	3.1	-18.5	2,660.4	3,892.1	4,916.5	46.3	26.3

Source: IRDAI, Life Insurance Council

- LIC's first-year premium rose significantly by 34.9% for September 2022; a 3x increase vs the 11.5% witnessed in September 2021. Meanwhile, Private insurers fell by 8.9% in September 2022 vs. growth of 23.9% in August 2022 and 42.4% in September 2021 (base effect). The monthly increase can be attributed to a sustained rise in group single premiums. The year-to-date numbers, LIC reported a growth rate of 45.9% against a decline reported for the same period last year. Meanwhile, the growth rate of its private peers decelerated to 23.3% from 27.7% last year. LIC maintains its dominant share in the first-year premium (68.2% vs. 31.8% share of private companies).

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

Premium Type	Sep 2020	Sep 2021	Sep 2022	Sep 2021 Growth (%)	Sep 2022 Growth (%)	H1 FY21	H1 FY22	H1 FY23	H1 FY22 Growth (%)	H1 FY23 Growth (%)
Single	18,395.3	22,435.0	27,308.7	22.0	21.7	91,796.9	94,947.1	1,36,121.6	3.4	43.4
Non-Single	6,971.0	8,566.2	9,057.8	22.9	5.7	32,930.7	37,034.8	45,855.3	12.5	23.8

Source: IRDAI, Life Insurance Council

- For September 2022, the growth rate of non-single premiums dropped to 5.7% vs. 22.9% reported in September 2021. On the other hand, single premiums maintained their growth rate of 21.7% compared to a rise of 22% last September. 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 H1FY23 (vs. 72% for H1 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.
- Within the group single premium segment, Pension plans, General Annuity and Group Gratuity Schemes continue to account for a significant chunk, while General annuity plans dominate individual single premiums.

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

Premium Type	Sep 2020	Sep 2021	Sep 2022	Sep 2021 Growth (%)	Sep 2022 Growth (%)	H1 FY21	H1 FY22	H1 FY23	H1 FY22 Growth (%)	H1 FY23 Growth (%)
Individual	9,539.6	11,455.4	11,816.5	20.1	3.2	46,839.3	49,590.2	57,862.9	5.9	16.7
Group	15,826.7	19,545.8	24,550.0	23.5	25.6	77,888.4	82,391.6	1,24,114.1	5.8	50.6

Source: IRDAI, Life Insurance Council

- For September 2022, the group premiums increased by 25.6%, while individual premiums grew by a much more muted 3.2%. The group premium growth was in line with September 2021, while individual premiums grew at a much more muted rate compared to last September. For the year-to-date numbers, growth in individual premiums was significantly outstripped by the growth in group premiums. Individual premiums continue to remain smaller in size compared to group premiums.
- Given the preponderance of policies geared towards single premium/ annuity plans, LIC's share remains small in Sum assured, as the private companies focus on protection plans.

CareEdge View

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP. The top line 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 and 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, fraud, lapse ratio, and any unfavourable changes in macroeconomic 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 5: Company-wise Share in First-year Premium - Rs crore

Insurer	H1 FY21	H1 FY22	H1 FY23	Mkt Sh. H1 FY21 (%)	Mkt Sh. H1 FY22 (%)	Mkt Sh. H1 FY23 (%)
Aditya Birla Sun Life	2,000	2,324	3,421	1.6	1.8	1.9
Aegon Life	30	13	2	0.02	0.01	0.001
Aegas Federal Life	221	305	354	0.2	0.2	0.2
Aviva Life	99	118	121	0.1	0.1	0.1
Bajaj Allianz Life	2,114	3,522	5,152	1.7	2.7	2.8
Bharti Axa Life	318	379	431	0.3	0.3	0.2
Canara HSBC Life	971	1,334	1,220	0.8	1.0	0.7
Edelweiss Tokio Life	160	179	193	0.1	0.1	0.1
Exide Life	268	436	413	0.2	0.3	0.2
Future Generali Life	149	185	326	0.1	0.1	0.2
HDFC Life	8,562	10,441	11,039	6.9	7.9	6.1
ICICI Prudential Life	4,456	6,461	7,359	3.6	4.9	4.0
India First Life	833	1,094	1,258	0.7	0.8	0.7
Kotak Mahindra Life	1,655	2,164	2,878	1.3	1.6	1.6
Max Life	2,495	3,109	3,378	2.0	2.4	1.9
PNB Met Life	651	867	1,292	0.5	0.7	0.7
Pramerica Life	94	128	250	0.1	0.1	0.1
Reliance Nippon Life	385	477	490	0.3	0.4	0.3
Sahara Life	-	-	-	0.0	0.0	0.0
SBI Life	8,999	10,287	13,087	7.2	7.8	7.2
Shriram Life	249	377	463	0.2	0.3	0.3
Star Union Dai-ichi Life	384	793	1,635	0.3	0.6	0.9
Tata AIA Life	1,616	1,878	3,023	1.3	1.4	1.7
Private Total	36,710	46,869	57,786	29.4	35.5	31.8
LIC of India	88,018	85,113	1,24,191	70.6	64.5	68.2

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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