

Life Insurance Premium Sees Marginal y-o-y Change in June, Points to Growth Normalisation



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Overview

The first-year premium of life insurers rose to Rs 31,255 crore in June 2022 from Rs 30,009 crore in June 2021, exhibiting a y-o-y growth rate of 4.1%, which is in line with the growth rate of 4% reported in June 2021. The growth can be attributed to individual premiums while a decrease in group single premiums marginally offset this growth. The first two months of this fiscal (April and May) had the sector reported significant growth numbers given the low base in the last year (given the covid second wave related lockdown). Meanwhile, the Q1FY23 first-year premium numbers grew by 39.7%. After the listing of LIC, over 80% of the Q1FY23 new business premium comes from directly listed entities. The Q1FY23 growth 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		6.9	-11.1	
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	Jun 2020	Jun 2021	Jun 2022	Jun 2021 Growth (%)	Jun 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Private Total	6,131.8	8,213.2	10,610.9	33.9	29.2	12,805.4	17,124.6	25,473.5	33.7	48.8
Individual Single	1,104.9	1,215.3	1,418.0	10.0	16.7	1,995.3	2,674.2	3,594.3	34.0	34.4
Individual Non-Single	2,937.3	3,425.3	4,189.3	16.6	22.3	5,598.7	7,058.1	10,380.6	26.1	47.1
Group Single	1,737.7	2,651.5	4,356.1	52.6	64.3	4,199.6	5,945.2	9,321.7	41.6	56.8
Group Non-Single	5.4	5.9	12.5	9.7	112.3	31.5	34.2	39.0	8.8	14.0
Group Yearly Renewable	346.6	915.3	635.0	164.1	-30.6	980.3	1,412.8	2,137.9	44.1	51.3
LIC	22,736.8	21,796.3	20,643.7	-4.1	-5.3	36,530.0	35,600.7	48,201.0	-2.5	35.4
Individual Single	2,196.9	1,573.4	1,705.6	-28.4	8.4	3,655.2	3,355.5	4,633.2	-8.2	38.1
Individual Non-Single	2,020.9	2,114.0	2,583.3	4.6	22.2	4,421.6	4,656.1	6,283.4	5.3	35.0
Group Single	18,044.2	17,913.0	16,068.6	-0.7	-10.3	25,887.5	27,163.9	36,143.9	4.9	33.1
Group Non-Single	460.2	160.9	253.9	-65.0	57.8	2,508.9	330.6	1,051.4	-86.8	218.0
Group Yearly	14.7	34.9	32.4	137.2	-7.3	56.9	94.6	89.1	66.3	-5.8
Grand Total	28,868.7	30,009.5	31,254.6	4.0	4.1	49,335.4	52,725.3	73,674.5	6.9	39.7
Individual Single	3,301.8	2,788.7	3,123.6	-15.5	12.0	5,650.6	6,029.7	8,227.5	6.7	36.4
Individual Non-Single	4,958.2	5,539.3	6,772.6	11.7	22.3	10,020.3	11,714.2	16,664.0	16.9	42.3
Group Single	19,781.8	20,564.5	20,424.6	4.0	-0.7	30,087.0	33,109.2	45,465.6	10.0	37.3
Group Non-Single	465.5	166.8	266.4	-64.2	59.7	2,540.4	364.8	1,090.4	-85.6	198.9
Group Yearly Renewable	361.3	950.3	667.4	163.0	-29.8	1,037.2	1,507.4	2,227.0	45.3	47.7

Source: IRDAI

- Private insurers grew at 29.2% in June 2022 vs. 114.4% in May 2022 and 33.9% in May 2021 (base effect/ lockdown disruptions). Meanwhile, LIC's first-year premium declined by 5.3% for June 2022 against a growth of 141.2% in April 2022. This decline is in line with the decline of 4.1% witnessed in June 2021. The monthly decline can be attributed to a fall in group single premiums. For Q1FY23, LIC at a growth rate of 35.4% as against a decline reported for Q1FY22. Meanwhile, its private peers grew even faster at 48.8% in Q1FY23. LIC continues to maintain its dominant share in the first-year premium (65.4% vs. 34.6% share of private companies).

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

Premium Type	Jun 2020	Jun 2021	Jun 2022	Jun 2021 Growth (%)	Jun 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Single	23,083.6	23,353.1	23,548.2	1.2	0.8	35,737.6	39,138.9	53,693.1	9.5	37.2
Non-Single	5,785.0	6,656.3	7,706.3	15.1	15.8	13,597.8	13,586.4	19,981.5	-0.1	47.1

Source: IRDAI

- For June 2022, non-single premiums grew by 15.8%, while single premiums reported a lacklustre growth rate of 0.8%, a continuation of the trend observed last June 2021. 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 73% for Q1FY23 (vs. 74% in Q1FY22).
- 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, 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	Jun 2020	Jun 2021	Jun 2022	Jun 2021 Growth (%)	Jun 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Individual	8,260.0	8,328.0	9,896.2	0.8	18.8	15,670.9	17,743.9	24,891.5	13.2	40.3
Group	20,608.7	21,681.5	21,358.4	5.2	-1.5	33,664.6	34,981.4	48,783.0	3.9	39.5

Source: IRDAI

- For June 2022, the group premiums decreased by 1.5%, while individual premiums grew by 18.8%. This contrasts with June 2021, when the Individual segment witnessed a marginal growth of 0.8%, while the Group segment had grown by 5.2%. For Q1FY23, growth in individual premiums continues to outpace growth in group premiums for new business. 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	Jun 2020	Jun 2021	Jun 2022	Jun 2021 Growth (%)	Jun 2022 Growth (%)	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth (%)	YTD FY23 Growth (%)
Private	3.5	3.6	4.4	1.1	22.9	7.8	10.5	11.9	34.4	13.6
LIC	0.6	0.9	0.9	63.4	-1.1	0.9	1.5	2.1	60.7	37.1
Total	4.1	4.5	5.3	9.7	18.0	8.8	12.0	14.0	37.2	16.5

Source: IRDAI

- The Sum assured of private companies has remained steady (compared to strong growth in premiums for the same month) even as LIC reported a decline in Sum assured for June 2022. 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 June 2022 has lost its share in sum assured compared to June 2021 by approximately 220 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 will 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 horizon. The growth would be driven by strong demand for annuity and protection plans. Meanwhile, growth in ULIP could be muted given the volatile market conditions. 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, any unfavourable changes in macro-economic factors, and uncertainties in the regulatory landscape 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	916.5	670.4	1,333.9	1.9	1.3	1.8
Ageas Federal Life	63.9	101.6	141.7	0.1	0.2	0.2
Aegon Life	13.1	8.7	0.7	0.03	0.02	0.001
Aviva Life	47.2	39.4	56.6	0.1	0.1	0.1
Bajaj Allianz Life	741.6	1,295.9	2,916.2	1.5	2.5	4.0
Bharti Axa Life	109.7	151.7	195.4	0.2	0.3	0.3
Canara HSBC OBC Life	481.3	758.3	615.7	1.0	1.4	0.8
Edelweiss Tokio Life	62.8	65.7	76.5	0.1	0.1	0.1
Exide Life	101.8	163.6	173.4	0.2	0.3	0.2
Future Generali Life	65.7	99.0	163.9	0.1	0.2	0.2
HDFC Life	2,653.2	3,814.6	4,851.2	5.4	7.2	6.6
ICICI Prudential Life	1,499.5	2,558.5	3,184.0	3.0	4.9	4.3
India First Life	186.2	434.0	500.7	0.4	0.8	0.7
Kotak Mahindra Life	565.9	715.0	1,219.8	1.1	1.4	1.7
Max Life	899.4	1,239.1	1,484.0	1.8	2.4	2.0
PNB Met Life	238.9	321.2	497.7	0.5	0.6	0.7
Pramerica Life	38.4	54.8	97.9	0.1	0.1	0.1
Reliance Nippon Life	160.5	183.4	250.3	0.3	0.3	0.3
Sahara Life	0.0	0.0	0.0	0.0	0.0	0.0
SBI Life	3,058.3	3,343.9	5,590.7	6.2	6.3	7.6
Shriram Life	81.0	145.2	209.3	0.2	0.3	0.3
Star Union Daichi Life	105.4	299.6	625.7	0.2	0.6	0.8
Tata AIA Life	715.2	661.0	1,288.2	1.4	1.3	1.7
Private Total	12,805.4	17,124.6	25,473.5	26.0	32.5	34.6
LIC	36,530.0	35,600.7	48,201.0	74.0	67.5	65.4
Grand Total	49,335.4	52,725.3	73,674.5	100.0	100.0	100.0

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