

LIC Leads New Business Premium Growth in Nov as Group Single Premiums Continue to Dominate

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Overview

The first-year premium of life insurers reached Rs. 35,459 crore in November 2022 from Rs 27,177 crore in November 2021, exhibiting a y-o-y growth rate of 30.5%, vs. an increase of 41.8% reported in November 2021. The y-o-y growth can primarily be attributed to group single premiums and more specifically to LIC. Meanwhile, the private players have been extending their lead in the individual non-singe premium segment. Further, growth in select smaller private companies has outpaced their larger private counterparts. The year-to-date FY23 first-year premium numbers grew by 34.1% vs. the 8.5% growth reported in the same period last year. The year-to-date FY23 growth too can 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	24,917	31.9	-5.1	15.3
November	19,159	27,177	35,459	-26.9	41.8	30.5
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	For Nov 2020	For Nov 2021	For Nov 2022	Nov 2021 Growth	Nov 2022 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Private Total	7,066.6	11,209.8	11,426.7	58.6	1.9	51,004.2	66,184.5	78,209.0	29.8	18.2
Individual Single	1,021.2	1,353.4	1,720.9	32.5	27.2	7,477.3	9,944.9	11,804.3	33.0	18.7
Individual Non-Single	3,289.1	4,224.4	5,360.9	28.4	26.9	21,984.6	28,581.1	34,070.2	30.0	19.2
Group Single	2,304.4	5,038.5	3,699.0	118.6	-26.6	18,218.8	23,264.1	26,472.8	27.7	13.8
Group Non-Single	96.7	23.0	2.9	-76.2	-87.5	187.6	161.7	100.5	-13.8	-37.8
Group Yearly Renew.	355.4	570.6	643.1	60.6	12.7	3,135.8	4,232.7	5,761.3	35.0	36.1
LIC	12,092.7	15,967.5	24,032.1	32.0	50.5	1,15,658.7	1,14,580.9	1,64,143.3	-0.9	43.3
Individual Single	1,360.2	2,125.3	2,179.2	56.2	2.5	21,121.3	14,598.8	14,818.9	-30.9	1.5
Individual Non-Single	1,883.3	2,244.1	2,552.7	19.2	13.8	14,720.7	16,216.1	18,566.8	10.2	14.5
Group Single	8,390.3	11,042.5	18,635.9	31.6	68.8	74,718.3	81,313.8	1,26,586.3	8.8	55.7
Group Non-Single	348.2	465.5	601.7	33.7	29.3	4,689.3	1,595.8	3,718.4	-66.0	133.0
Group Yearly Renew.	110.6	90.1	62.5	-18.5	-30.6	409.2	856.4	452.8	109.3	-47.1
Grand Total	19,159.3	27,177.3	35,458.8	41.8	30.5	1,66,663.0	1,80,765.4	2,42,352.3	8.5	34.1
Individual Single	2,381.4	3,478.7	3,900.0	46.1	12.1	28,598.6	24,543.7	26,623.2	-14.2	8.5
Individual Non-Single	5,172.4	6,468.5	7,913.6	25.1	22.3	36,705.3	44,797.2	52,637.0	22.0	17.5
Group Single	10,694.7	16,081.0	22,334.9	50.4	38.9	92,937.1	1,04,577.9	1,53,059.1	12.5	46.4
Group Non-Single	444.9	488.5	604.6	9.8	23.8	4,876.8	1,757.5	3,818.9	-64.0	117.3
Group Yearly Renew.	466.0	660.7	705.6	41.8	6.8	3,545.1	5,089.1	6,214.1	43.6	22.1

Source: IRDAI, Life Insurance Council

- LIC's first-year premium rose by 50.5% for November 2022; vs an increase of 32% witnessed in November 2021. Meanwhile, Private insurers reported a near-flat growth rate of 1.9% in November 2022 vs. growth of 11% in October 2022 and 58.6% in November 2021. The monthly increase can be attributed to a continuous rise in group single premiums by LIC and individual non-single premiums, especially by private companies, however, this increase was partially offset by a fall in group single premiums in the private companies. Further, growth in select smaller private companies has outpaced their larger private counterparts. The year-to-date numbers, LIC reported a growth rate of 43.3% against a decline of 0.9% reported for the same period last year. Meanwhile, the growth rate of its private peers decelerated to 18.2% from 29.8% last year. LIC maintains its dominant share in the first-year premium (67.7% vs. 32.3% share of private companies).

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

Premium Type	For Nov 2020	For Nov 2021	For Nov 2022	Nov 2021 Growth	Nov 2022 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Single	13,076.1	19,559.6	26,235.0	49.6	34.1	1,21,535.7	1,29,121.6	1,79,682.3	6.2	39.2
Non-Single	6,083.2	7,617.6	9,223.8	25.2	21.1	45,127.2	51,643.8	62,670.0	14.4	21.4

Source: IRDAI, Life Insurance Council

- For November 2022, the growth rate of non-single premiums reduced to 21.1% vs. 25.2% reported in November 2021, and growth in single premiums slowed to 34.1% in November 2022 vs. a growth rate of 49.6% in November 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 74% for year-to-date FY23 (vs. 71% for the same period last year).
- LIC continues to dominate the single premium sub-segment, especially the group business, while the private sector has a larger share in the non-single sub-segment (mainly individual premiums).
- 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	For Nov 2020	For Nov 2021	For Nov 2022	Nov 2021 Growth	Nov 2022 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Individual	7,553.8	9,947.1	11,813.6	31.7	18.8	65,303.9	69,341.0	79,260.2	6.2	14.3
Group	11,605.5	17,230.1	23,645.2	48.5	37.2	1,01,359.0	1,11,424.4	1,63,092.1	9.9	46.4

Source: IRDAI, Life Insurance Council

- For November 2022, the group premiums increased by 37.2%, while individual premiums increased by 18.8%. For the year-to-date numbers, growth in individual premiums was less than a third of the growth in group premiums. 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

Sum Assured	For Nov 2020	For Nov 2021	For Nov 2022	Nov 2021 Growth	Nov 2022 Growth	YTD FY21	YTD FY22	YTD FY23	YTD FY22 Growth	YTD FY23 Growth
Private	3.2	3.7	4.8	15.6	30.6	23.3	28.1	34.5	20.4	22.7
LIC	0.6	0.7	0.7	24.6	-3.5	4.0	6.2	6.6	54.2	6.6
Total	3.8	4.4	5.5	17.0	24.9	27.4	34.3	41.1	25.3	19.8

Source: IRDAI

- In November 2022, the sum assured of private companies grew, even as LIC witnessed a drop (given the fact that group single premiums have been driving growth at LIC), meanwhile for the same period last year, both segments had reported growth. For the year-to-date period, both segments have continued to report growth in their sum assured. Further, given the preponderance of policies geared towards single premium/ annuity plans, LIC's share remains small compared to its private peers which focus on protection plans. LIC for the first eight months of FY23 has shed approximately 200 bps of market share in sum assured compared to the same period last year.

CareEdge View

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP. The premium growth of life insurance companies is anticipated to remain healthy for FY23 as it would be the first full year without any Covid-related restrictions. The growth would be driven by a supportive regulatory landscape (ease of doing business, Bima Sugan), strong demand for annuity and protection plans along with increased persistency levels. Other factors include an intense push to increase insurance coverage, especially in the rural populace, product innovations/customisation and allowing corporate agents to take on additional companies. 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	2,713	3,264	4,626	1.6	1.8	1.9
Aegas Federal Life	319	445	513	0.2	0.2	0.2
Aegon Life	44	14	3	0.03	0.01	0.001
Aviva Life	128	157	165	0.1	0.1	0.1
Bajaj Allianz Life	3,133	4,736	6,512	1.9	2.6	2.7
Bharti Axa Life	422	512	562	0.3	0.3	0.2
Canara HSBC Life	1,431	1,695	1,552	0.9	0.9	0.6
Edelweiss Tokio Life	217	244	251	0.1	0.1	0.1
Exide Life*	381	586	436	0.2	0.3	0.2
Future Generali Life	215	241	400	0.1	0.1	0.2
HDFC Life	11,721	14,215	15,696	7.0	7.9	6.5
ICICI Prudential Life	6,429	8,867	9,832	3.9	4.9	4.1
India First Life	1,131	1,627	1,718	0.7	0.9	0.7
Kotak Mahindra Life	2,275	3,123	4,013	1.4	1.7	1.7
Max Life	3,476	4,272	4,607	2.1	2.4	1.9
PNB Met Life	949	1,250	1,791	0.6	0.7	0.7
Pramerica Life	133	171	353	0.1	0.1	0.1
Reliance Nippon Life	578	658	643	0.3	0.4	0.3
Sahara Life	0	0	0	0.0	0.0	0.0
SBI Life	12,116	15,849	17,695	7.3	8.8	7.3
Shriram Life	419	511	643	0.3	0.3	0.3
Star Union Dai-ichi Life	571	1,106	2,011	0.3	0.6	0.8
Tata AIA Life	2,204	2,644	4,189	1.3	1.5	1.7
Private Total	51,004	66,185	78,209	30.6	36.6	32.3
LIC of India	1,15,659	1,14,581	1,64,143	69.4	63.4	67.7
Grand Total	1,66,663	1,80,765	2,42,352	100.0	100.0	100.0

Source: IRDAI, Life Insurance Council

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