

Group Single Premiums Drive Life Insurance's April Performance



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Overview

The first-year premium of life insurers rose to Rs 17,940 crore in April 2022 from Rs 9,739 crore in April 2021, exhibiting a robust y-o-y growth rate of 84.2%. The numbers, however, were down month-on-month, as expected. The growth in monthly numbers can be attributed to an increase in group single premiums, with LIC substantially outpacing its private peers. It can also be accounted for by a low base in April 2021, which saw subdued levels due to the pandemic-induced 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		-25.4	-5.5	
June	28,869	30,009		-10.5	4.0	
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	
Total	2,78,278	3,14,262	17,940	7.5	12.9	

Source: Life Insurance Council, IRDAI

Figure 2: First-year Premium Growth of Life Insurance Companies (Rs crore)

Insurer	Apr 2020	Apr 2021	Apr 2022	Apr 2021 Growth (%)	Apr 2022 Growth (%)
Private Total	3,146.1	4,882.0	6,222.9	55.2	27.5
Individual Single Premium	307.1	729.2	999.6	137.4	37.1
Individual Non-Single Premium	1,023.0	1,924.6	2,816.1	88.1	46.3
Group Single Premium	1,670.7	1,965.8	1,980.2	17.7	0.7%
Group Non-Single Premium	10.9	15.5	11.0	42.7	-29.2
Group Yearly Renewable Premium	134.5	247.1	416.0	83.7	68.4
LIC	3,581.7	4,856.8	11,716.7	35.6	141.2
Individual Single Premium	331.7	970.7	1,318.7	192.7	35.9
Individual Non-Single Premium	732.4	1,237.4	1,572.9	69.0	27.1
Group Single Premium	1,983.6	2,584.4	8,467.4	30.3	227.6
Group Non-Single Premium	523.8	26.3	315.5	-95.0	1099.7
Group Yearly Renewable Premium	10.3	38.0	42.1	268.4	10.9
Grand Total	6,727.7	9,738.8	17,939.6	44.8	84.2
Individual Single Premium	638.8	1,699.9	2,318.4	166.1	36.4
Individual Non-Single Premium	1,755.3	3,161.9	4,389.0	80.1	38.8
Group Single Premium	3,654.2	4,550.2	10,447.7	24.5	129.6
Group Non-Single Premium	534.6	41.8	326.5	-92.2	681.1
Group Yearly Renewable Premium	144.8	285.0	458.1	96.8	60.7

Source: Life Insurance Council

- LIC's first-year premium showed robust growth of 141.2% in April 2022 compared to 50.6% in March 2022 and 35.4% in February 2022. The April 2022 growth also compares favourably vs the increase of 35.6% in April 2021 (base effect as there was a national lockdown in April 2020). Private insurers grew at 27.5% in April 2022, 12.9% in March 2022, and 55.2% in April 2021 (significant base effect). LIC maintains its dominant share in the first-year premium (65.3% vs. 34.7% share of private companies).

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

Premium Type	Apr 2020	Apr 2021	Apr 2022	Apr 2021 Growth (%)	Apr 2022 Growth (%)
Single	4,293.0	6,250.0	12,766.0	45.6	104.3
Non-Single	2,434.8	3,488.8	5,173.6	43.3	48.3

Source: Life Insurance Council

- For April 2022, non-single premiums grew by 48.3%, while single premiums reported a significantly stronger growth rate of 104.3%. Meanwhile, in April 2021, both segments had grown broadly in line with each other. Single premiums continue to account for a substantial portion of the overall premiums. The share of single premiums has increased from 60% for FY20 to 69% in FY22 and stands at 71% for April 2022.
- 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. The growth of single premiums can also be attributed to individuals seeking a predictable rate of return. 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	Apr 2020	Apr 2021	Apr 2022	Apr 2021 Growth (%)	Apr 2022 Growth (%)
Individual	2,394.1	4,861.8	6,707.4	103.1	38.0
Group	4,333.6	4,877.0	11,232.2	12.5	130.3

Source: Life Insurance Council

- For April 2022, the group premiums increased by 130.3%, which is more than 10 times the growth rate of 12.5% recorded in April 2021. Individual premiums grew by 38% in March 2022, significantly lower than the growth rate of 103.1% logged in April 2021 (base effect due to lockdown). Individual premiums remain smaller in size compared to group premiums.

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

Premium Type	Apr 2020	Apr 2021	Apr 2022	Apr 2021 Growth (%)	Apr 2022 Growth (%)
Private	2.18	3.26	3.28	49.4	0.6
LIC	0.09	0.32	0.48	248.2	51.9

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 an increase in Sum assured for April 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, however, LIC for April 2022 has improved its share in the sum assured compared to April 2021 by approximately 390 bps.

CareEdge View

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP. FY23 has started on a strong note, and LIC's growth momentum over the past few months comes ahead of its initial public offering. CareEdge expects the life insurance industry to continue to grow at around 12-14% over a three-to-five-year horizon. The growth drivers include pandemic induced demand for protection plans (additional repricing of

these plans could also impact premium), younger demographic opting for pure protection plans driving insurance coverage, intense push to increase insurance coverage, especially in the rural populace, product innovations/customization, higher demand for retirement products such as pension/annuity coming from an ageing population coupled with low availability of government-sponsored social security mechanisms and rising awareness of retirement planning, and multiple channels being coupled with enabling digitalised payments infrastructure.

Companies are expected to continue to focus on simplifying the life insurance purchase experience and overall digital enablement across the distribution channels while maintaining a razor-sharp focus on cost improvement to sustain margins. However, frauds, lapse ratio, any unfavourable changes in macro-economic factors, and uncertainties in the regulatory landscape could be characterized as key challenges to 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	Apr 20	Apr 21	Apr 22	Mkt Share Apr 20 (%)	Mkt Share Apr 21 (%)	Mkt Share Apr 22 (%)
Aditya Birla Sun Life	261.8	128.0	196.5	3.9	1.3	1.1
Aegon Life	3.7	3.6	0.2	0.1	0.04	0.001
Ageas Federal Life	6.9	30.0	27.7	0.1	0.3	0.2
Aviva Life	19.0	13.9	10.5	0.3	0.1	0.1
Bajaj Allianz Life	314.0	424.6	523.4	4.7	4.4	2.9
Bharti Axa Life	29.6	41.9	52.5	0.4	0.4	0.3
Canara HSBC OBC Life	27.1	214.3	105.8	0.4	2.2	0.6
Edelweiss Tokio Life	16.5	20.2	20.1	0.2	0.2	0.1
Exide Life	25.3	34.8	39.0	0.4	0.4	0.2
Future Generali Life	10.7	28.6	13.7	0.2	0.3	0.1
HDFC Life	668.9	1,193.9	1,462.7	9.9	12.3	8.2
ICICI Prudential Life	256.2	643.3	885.0	3.8	6.6	4.9
India First Life	32.7	132.2	148.5	0.5	1.4	0.8
Kotak Mahindra Life	121.4	255.3	336.6	1.8	2.6	1.9
Max Life	171.8	347.5	359.1	2.6	3.6	2.0
PNB Met Life	43.8	89.9	143.9	0.7	0.9	0.8
Pramerica Life	10.7	22.4	28.0	0.2	0.2	0.2
Reliance Nippon Life	34.0	66.9	98.7	0.5	0.7	0.6
Sahara Life	0.0	0.0	0.0	0.0	0.0	0.0
SBI Life	917.4	928.4	1,237.8	13.6	9.5	6.9
Shriram Life	13.7	38.4	59.3	0.2	0.4	0.3
Star Union Dai-ichi Life	6.6	59.5	132.4	0.1	0.6	0.7
Tata AIA Life	154.4	164.5	341.3	2.3	1.7	1.9
Private Total	3,146.1	4,882.0	6,222.9	46.8	50.1	34.7
LIC of India	3,581.7	4,856.8	11,716.7	53.2	49.9	65.3
Grand Total	6,727.7	9,738.8	17,939.6	100.0	100.0	100.0

Contact

Saurabh Bhalerao	Associate Director – BFSI Research	saaurabh.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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