Life Insurance Premiums Drop Again in December 2024 as Group Single Premiums Decline

January 16, 2025 | BFSI Research

Overview

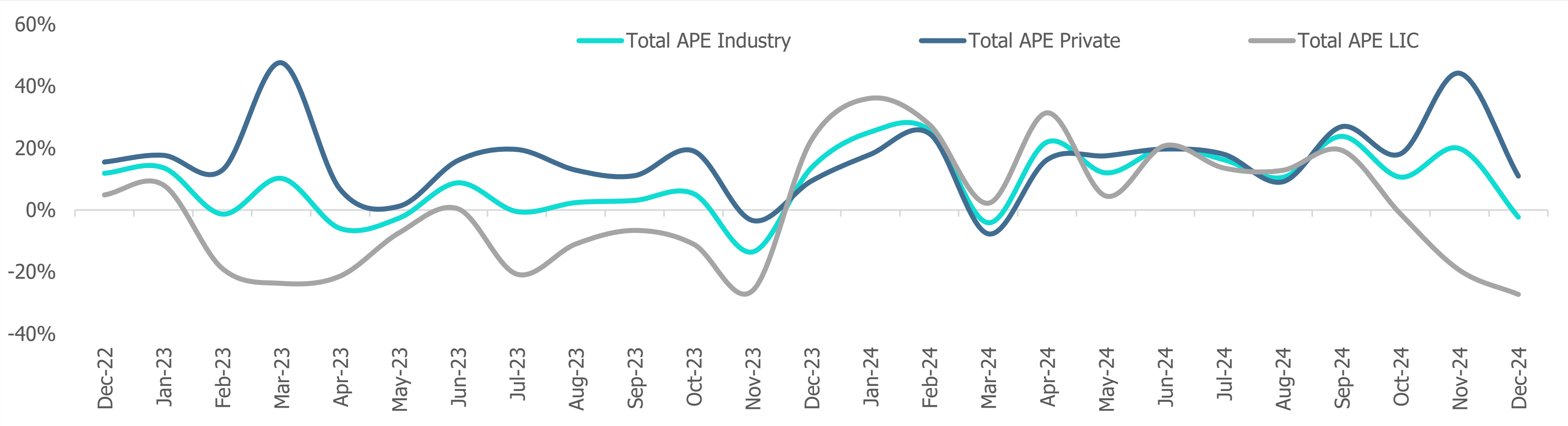
The life insurance industry reported a 2.3% year-on-year decline in Annual Premium Equivalent (APE) in December 2024, following a 13.6% growth in December 2023. Private life insurers were partially able to offset the anticipated drop (due to premium normalisation) in LIC for the month. The reduction in group single premiums can explain the drop. Factors influencing growth include changes in policy structures regarding the sum assured and commissions, following the revised surrender value guidelines effective October 1, 2024, challenges faced in the bancassurance channel, and heightened competition in several key channels. LIC generates over 90% of its individual new business premiums through the agency channel, whereas private insurers source over 50% of their individual new business premiums from the bancassurance channel. In December 2024, sales of Individual Non-Single policies reached Rs 20.1 lakh, reflecting a 21.0% drop compared to the previous year, largely due to changes in surrender value regulations. The industry's compound annual growth rate (CAGR) from December 2022 to December 2024 was 5.4%, with private players achieving 10.2%, while LIC experienced a decline of 5.6%.

Figure 1: Movement in APE of life insurance companies (Rs cr)

APE	Dec-22	Dec-23	Dec-24	Dec 2023 Growth (%)	Dec 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Private	9,194	10,056	11,158	9.4	11.0	52,954	58,337	69,825	10.2	19.7
LIC	4,355	5,339	3,882	22.6	-27.3	41,234	37,426	39,134	-9.2	4.6
Industry	13,549	15,395	15,040	13.6	-2.3	94,188	95,763	1,08,959	1.7	13.8

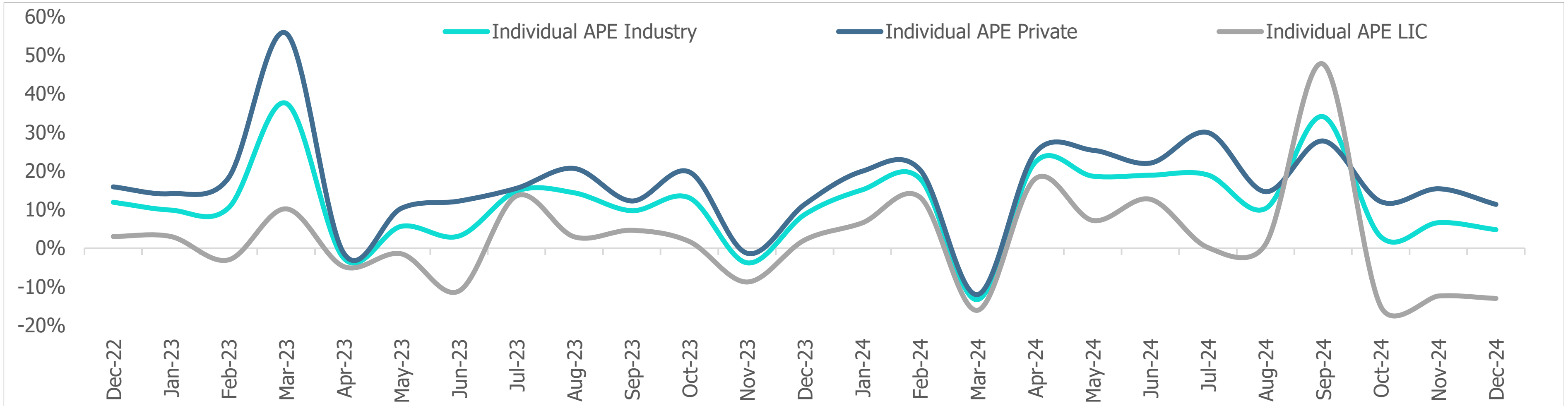
Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 2: Total APE growth (on y-o-y basis, in %)



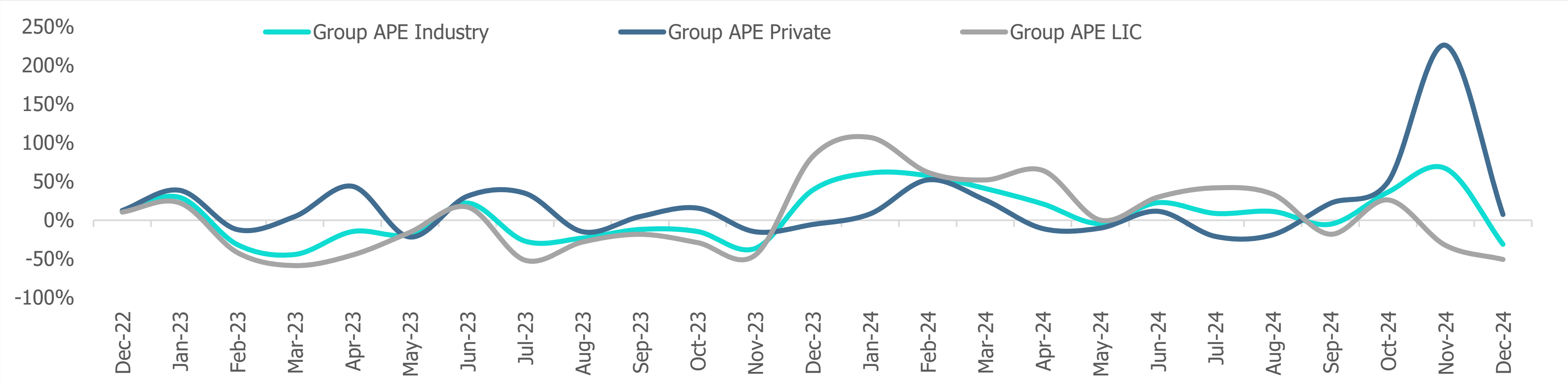
Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 3: Individual APE growth (on y-o-y basis, in %)



Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 4: Group APE growth (on y-o-y basis, in %)



Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 5: Movement in Monthly First-year Premium (Rs crore)

Month	Premium in FY22	Premium in FY23	Premium in FY24	Premium in FY25	FY22 vs FY21 (%)	FY23 vs FY22 (%)	FY24 vs FY23 (%)	FY25 vs FY24 (%)
April	9,738.8	17,939.6	12,565.3	20,258.9	44.8	84.2	-30	61.2
May	12,977.0	24,480.4	23,477.8	27,034.2	-5.5	88.6	-4.1	15.1
June	30,009.5	31,254.6	36,961.8	42,433.7	4	4.1	18.3	14.8
July	20,434.7	39,078.9	27,867.1	31,822.7	-11.1	91.2	-28.7	14.2
August	27,820.7	32,856.4	26,788.6	32,644.1	2.9	18.1	-18.5	21.9
September	31,001.2	36,366.5	30,716.3	35,020.3	22.2	17.3	-15.5	14.0
October	21,606.3	24,916.6	26,819.0	30,347.6	-5.1	15.3	7.6	13.2
November	27,177.3	35,458.8	26,494.8	25,306.6	41.8	30.5	-25.3	-4.5
December	24,466.5	26,838.3	38,581.1	30,218.7	0.3	9.7	43.8	-21.7
January	21,957.0	26,423.7	33,559.8		2.7	20.3	27.0	
February	27,464.8	22,847.7	33,913.2		22.5	-16.8	48.4	
March	59,608.8	52,081.1	60,213.6		37.3	-12.6	15.6	

Source: Life Insurance Council, IRDAI

Figure 6: First-year Premium Growth of Life Insurance Companies (Rs crore)

Insurer	Dec-22	Dec-23	Dec-24	Dec 2023 Growth (%)	Dec 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Private Total	**14,979.8**	**15,599.8**	**16,694.8**	**4.1**	**7.0**	**93,188.8**	**1,02,866.2**	**1,17,131.0**	**10.4**	**13.9**
Individual Single	2,183.4	2,081.2	2,111.1	-4.7	1.4	13,987.7	14,229.1	15,455.5	1.7	8.6
Individual non-single	7,884.6	8,816.2	9,838.8	11.8	11.6	41,954.8	46,834.4	56,051.9	11.6	19.7
Group Single	4,245.1	4,079.0	4,041.1	-3.9	-0.9	30,717.9	35,310.0	37,166.6	14.9	5.3
Group non-single	9.3	14.6	41.8	57.3	186.3	109.8	100.7	232.1	-8.3	130.5
Group Yearly Renew	657.4	608.9	662.1	-7.4	8.7	6,418.7	6,391.9	8,224.9	-0.4	28.7
LIC	**11,858.5**	**22,981.3**	**13,523.9**	**93.8**	**-41.2**	**1,76,001.8**	**1,47,405.6**	**1,57,956.0**	**-16.2**	**7.2**
Individual Single	2,370.1	2,000.2	2,522.0	-15.6	26.1	17,189.0	17,003.3	20,049.1	-1.1	17.9
Individual non-single	3,005.1	3,111.3	2,628.7	3.5	-15.5	21,571.9	21,605.0	22,327.9	0.15	3.3
Group Single	5,966.9	17,602.0	8,191.3	195.0	-53.5	1,32,553.2	1,05,196.4	1,11,975.4	-20.6	6.4
Group non-single	440.5	210.5	47.4	-52.2	-77.5	4,158.9	2,252.6	1,818.0	-45.8	-19.3
Group Yearly Renew	75.9	57.3	134.4	-24.6	134.7	528.7	1,348.3	1,785.5	155.0	32.4
Grand Total	**26,838.3**	**38,581.1**	**30,218.7**	**43.8**	**-21.7**	**2,69,190.6**	**2,50,271.8**	**2,75,086.9**	**-7.0**	**9.9**
Individual Single	4,553.4	4,081.4	4,633.1	-10.4	13.5	31,176.7	31,232.4	35,504.6	0.2	13.7
Individual non-single	10,889.7	11,927.5	12,467.5	9.5	4.5	63,526.7	68,439.4	78,379.8	7.7	14.5
Group Single	10,212.0	21,680.9	12,232.4	112.3	-43.6	1,63,271.1	1,40,506.4	1,49,142.0	-13.9	6.1
Group non-single	449.8	225.1	89.2	-50.0	-60.4	4,268.7	2,353.3	2,050.1	-44.9	-12.9
Group Yearly Renew	733.3	666.2	796.5	-9.2	19.6	6,947.4	7,740.2	10,010.4	11.4	29.3

Source: IRDAI, Life Insurance Council

LIC's new business premiums in December 2024 declined significantly as group single premiums were nearly halved, and the volumes of individual non-single policies decreased. In contrast, its private competitors saw increased premiums due to their non-single policies. The fall in LIC’s group single premiums is largely due to a significant spike witnessed in December 2023, attributable to a large client group which has now normalised. If numbers are compared against December 202, LIC numbers report a positive momentum. Other factors affecting growth include discontinuation of select products after the new surrender regulation, changes in the policy structure on the sum assured and commissions due to the revised surrender value guidelines effective October 01, 2024, challenges in the bancassurance channels and increased competition in some key channels. LIC derives over 90% of its business via the agency channel and only around 3% using the bancassurance channel. In contrast, private players derive around 25% from the agency channel and over 50% from the bancassurance channel. LIC's market share for the 9m period stood at 57.4%, slightly lower than 58.8% in the same period last year.

Figure 7: Movement in Premium Type (Rs crore) of Life Insurance Companies

Premium Type	Dec-22	Dec-23	Dec-24	Dec 2023 Growth (%)	Dec 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Single	14,765.5	25,762.3	16,865.5	74.5	-34.5	1,94,447.8	1,71,738.8	1,84,646.6	-11.7	7.5
Non-Single	12,072.8	12,818.8	13,353.2	6.2	4.2	74,742.8	78,533.0	90,440.4	5.1	15.2

Source: IRDAI, Life Insurance Council

In December 2024, non-single premiums rose by 4.2%, slower compared to a growth of 6.2% in December 2023. Meanwhile, the pace of reduction in Single premium stood at 34.5% (driven by LIC), compared to a spike of 74.5% in December 2023. For YTDFY25, single premiums experienced slower growth relative to non-single premiums. The private sector has a larger share in the non-single sub-segment (individual premiums), while LIC continues to dominate the single premium sub-segment, especially the group business. Pension plans, General Annuity, and Group Gratuity Schemes account for a sizeable portion of the group business, while General annuity plans dominate individual single premiums.

Figure 8: Movement in Premium Type (Rs crore) of Life Insurance Companies

Premium Type	Dec-22	Dec-23	Dec-24	Dec 2023 Growth (%)	Dec 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Individual	15,443.2	16,008.9	17,100.6	3.7	6.8	94,703.4	99,671.8	1,13,884.3	5.2	14.3
Group	11,395.1	22,572.2	13,118.1	98.1	-41.9	1,74,487.2	1,50,599.9	1,61,202.6	-13.7	7.0

Source: IRDAI, Life Insurance Council

In December 2024, the pace of reduction in group premiums stood at 41.9%, compared to a sharp rise of 98.1% in December 2023. Meanwhile, individual premiums rose by 6.8% compared to an increase of 3.7% in December 2023. For December 2024, individual premiums overtook group premiums, while for the year-to-date period, individual premiums continued to remain smaller in size compared to group premiums. The private sector has maintained its lead in the individual segment, while LIC continues to dominate the group segment.

Figure 9: Movement in Sum Assured (Rs lakh crore) of Life Insurance Companies

Premium Type	Dec-22	Dec-23	Dec-24	Dec 2023 Growth (%)	Dec 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Private	5.5	5.7	7.1	2.7	24.7	40.0	51.5	60.8	28.9	18.0
LIC	0.8	1.1	1.0	41.1	-11.5	7.4	11.7	13.9	58.2	18.3
Total	**6.3**	**6.8**	**8.1**	**7.6**	**18.6**	**47.4**	**63.3**	**74.7**	**33.5**	**18.0**

Source: IRDAI, Life Insurance Council

Meanwhile, despite the volatile premium momentum, the Sum assured numbers picked up for December 2024 compared to the growth in December 2023. Private companies continue to account for a large share of the sum assured as they have a higher share in the individual segment, especially in terms of policies.

That said, in December 2024, individual non-single policies dropped by 21.0%, as the fall in LIC was partially offset by a marginal increase in private insurers. The significant decline in the number of policies sold can be attributed to the implementation of new surrender value norms starting in October. Private companies seem to have adapted to these norms. Meanwhile, insurers have focused on selling higher-value policies, which has helped mitigate the impact on premium income.

Figure 10: Movement in Individual Non-Single Policies (in Lakhs) of Life Insurance Companies

Individual Non-Single Policies	Dec-22	Dec-23	Dec-24	Dec 2023 Growth (%)	Dec 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Private	8.6	9.2	9.3	7.7	1.0	52.8	57.4	62.2	8.6	8.3
LIC	17.7	16.2	10.8	-8.3	-33.5	122.0	119.2	110.0	-2.4	-7.7
Total	**26.3**	**25.5**	**20.1**	**-3.1**	**-21.0**	**174.9**	**176.6**	**172.2**	**1.0**	**-2.5**

Source: IRDAI, Life Insurance Council

CareEdge View

According to Saurabh Bhalerao, Associate Director, CareEdge, "Life insurance industry registered a reduction in Annual Premium Equivalent (APE) by 2.3% y-o-y in December 2024, compared to a growth of 13.6% in December 2023. The two-year (December 22 – December 24) CAGR was 5.4% for the industry, with private players at 10.2%, while LIC witnessed a fall of 5.6%. The reduction in group single premiums can explain the drop. The fall in LIC's group single premiums is largely due to a significant spike in December 2023, attributable to a large client group that has now normalised. Other factors affecting growth include changes in the policy structure on the sum assured and commissions due to the revised surrender value guidelines effective October 01, 2024, challenges in the bancassurance channel and increased competition in some key channels. The number of Individual Non-Single policies sold in December 2024 was 20.1 lakhs, a 21.0% drop compared to the previous year, primarily due to revised surrender value norms."

According to Sanjay Agarwal, Senior Director, CareEdge Ratings, "The high growth in H1FY25 indicated strong demand for ULIPs and higher push before the implementation of the surrender value guidelines, have been followed by a slower quarter. Another factor impacting the growth momentum is the difference in the distribution channel mix between LIC (90% of its individual business via the agency channel) and private players (the bancassurance channel had over 50% share of the individual business). There is likely to be increased emphasis on the agency channel, driven by banks' focus on deposit gathering and companies' efforts to reduce reliance on bancassurance. Meanwhile, the updated product and commission structure due to the recently enacted new regulations regarding surrender values could lead to volatile premium movement in H2FY25. However, as these changes are expected to be favourable for customers, growth is likely to rise over the medium term. Further the planned Insurance Amendment Act around the composite license, 100% FDI in insurance companies and capital requirements have been designed to enhance market penetration by prompting new companies to enter the market. Consequently, CareEdge anticipates that the life insurance industry would grow at 11-13% over the next three to five years."

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 I CIN: L67190MH1993PLC071691

Connect:

Locations: Ahmedabad I Andheri-Mumbai I Bengaluru I Chennai I Coimbatore I Hyderabad I Kolkata I Noida I Pune

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