

Life Insurance First Year Monthly Premiums – Single Premiums Steal the Show in March 2022



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Overview

First-year premium of life insurers reported a robust y-o-y growth rate of 37.3% in March 2022 and reached Rs 59,608.8 crore from Rs. 43,416.7 crores in March 2021. The robust growth in monthly numbers can be attributed to an increase in single premiums for both individual and group segments in the final month of the financial year (with individuals undertaking tax planning measures), with LIC substantially outpacing its private peers for the second month in a row.

For FY22, the life insurance sector's first-year premium grew by 12.9% compared to a marginal increase of 7.5% for FY21. Due to the Covid-19 pandemic lockdown and resultant impact, premiums were affected in FY21 and resultant different growth after the same, base effect may also be possible in monthly FY22 numbers.

Figure 1: Movement in Monthly First-year Premium (Rs cr)

Month	Premium in FY20 (Rs. cr.)	Premium in FY21 (Rs cr.)	Premium in FY22 (Rs cr.)	Delta (% change FY20 over FY19)	Delta (% change FY21 over FY20)	Delta (% change FY22 over FY21)
April	9,982	6,728	9,739	37.1%	-32.6%	44.8%
May	18,414	13,739	12,977	43.4%	-25.4%	-5.5%
June	32,241	28,869	30,009	94.1%	-10.5%	4.0%
July	21,509	22,986	20,435	6.4%	6.9%	-11.1%
August	23,555	27,040	27,821	26.4%	14.8%	2.9%
September	20,057	25,366	31,001	14.7%	26.5%	22.2%
October	17,272	22,776	21,606	11.6%	31.9%	-5.1%
November	26,221	19,159	27,177	76.5%	-26.9%	41.8%
December	25,080	24,383	24,466	37.5%	-2.8%	0.3%
January	20,623	21,390	21,957	18.4%	3.7%	2.7%
February	18,533	22,425	27,465	1.8%	21.0%	22.5%
March	25,409	43,417	59,609	-32.2%	70.9%	37.3%
Total	2,58,896	2,78,278	3,14,262	20.6%	7.5%	12.9%

Source: Life Insurance Council, IRDAI

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

Insurer	For Mar 2020	For Mar 2021	For Mar 2022	Mar 2021 Growth	Mar 2022 Growth	FY20	FY21	FY22	FY21 Growth	FY22 Growth
Private Total	8,342.7	15,310.8	17,289.6	83.5%	12.9%	80,919.4	94,103.4	1,15,502.6	16.3%	22.7%
Individual Single Premium	1,066.7	1,990.6	2,357.4	86.6%	18.4%	9,170.5	13,584.2	17,066.3	48.1%	25.6%
Individual Non-Single Premium	4,080.0	7,735.9	8,665.1	89.6%	12.0%	41,114.3	43,833.4	53,370.3	6.6%	21.8%
Group Single Premium	2,647.4	4,445.9	5,089.7	67.9%	14.5%	24,674.6	30,304.4	37,619.1	22.8%	24.1%
Group Non-Single Premium	70.4	146.7	44.9	108.4%	-69.4%	259.0	401.8	401.4	55.2%	-0.1%
Group Yearly Renewable Premium	478.3	991.7	1,132.5	107.4%	14.2%	5,701.1	5,979.7	7,045.6	4.9%	17.8%
LIC of India	17,066.6	28,105.9	42,319.2	64.7%	50.6%	1,77,977.1	1,84,174.6	1,98,759.9	3.5%	7.9%
Individual Single Premium	1,112.9	2,495.8	4,018.3	124.3%	61.0%	21,967.4	28,822.5	24,805.5	31.2%	-13.9%
Individual Non-Single Premium	1,679.6	5,046.2	5,501.1	200.4%	9.0%	29,260.4	27,584.0	30,015.7	-5.7%	8.8%
Group Single Premium	13,552.0	20,294.0	30,052.9	49.7%	48.1%	98,247.7	1,21,569.5	1,37,350.4	23.7%	13.0%
Group Non-Single Premium	663.6	298.9	2,577.0	-55.0%	762.1%	27,848.3	5,598.1	5,249.1	-79.9%	-6.2%
Group Yearly Renewable Premium	58.5	(29.0)	170.0	-149.6%	-685.9%	653.2	600.5	1,339.1	-8.1%	123.0%
Grand Total	25,409.3	43,416.7	59,608.8	70.9%	37.3%	2,58,896.5	2,78,278.0	3,14,262.4	7.5%	12.9%
Individual Single Premium	2,179.5	4,486.4	6,375.7	105.8%	42.1%	31,137.8	42,406.7	41,871.8	36.2%	-1.3%
Individual Non-Single Premium	5,759.6	12,782.1	14,166.2	121.9%	10.8%	70,374.7	71,417.4	83,386.0	1.5%	16.8%
Group Single Premium	16,199.5	24,739.9	35,142.6	52.7%	42.0%	1,22,922.3	1,51,873.8	1,74,969.4	23.6%	15.2%
Group Non-Single Premium	734.0	445.7	2,621.9	-39.3%	488.3%	28,107.3	6,000.0	5,650.5	-78.7%	-5.8%
Group Yearly Renewable Premium	536.8	962.7	1,302.5	79.3%	35.3%	6,354.3	6,580.1	8,384.7	3.6%	27.4%

Source: Life Insurance Council

- LIC's first-year premium showed robust growth of 50.6% in March 2022 compared to a 35.4% in February 2022 and 20.3% in December 2021 and an increase of 64.7% in March 2021 (significant base effect as there was a national lockdown in the later part of March 2020), while private insurers grew at 12.9% in March 2022 compared to 5% in February 2022, 9.4% in January 2022 and 29.8% in December 2021, and 83.5% in March 2021 (significant base effect as there was a national lockdown in the later part of March 2020).
- LIC continues to maintain its dominant share in the first-year premium for FY22 (LIC share of 63.2% vs. 36.8% share of private companies). The private sector has continued to gain market share, given that it has been growing at a faster pace compared to LIC.

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

Premium Type	For Mar 2020	For Mar 2021	For Mar 2022	Mar 2021 Growth in %	Mar 2022 Growth in %	FY20	FY21	FY22	FY21 Growth %	FY22 Growth %
Single	18,379.0	29,226.3	41,518.3	59.0%	42.1%	1,54,060.2	1,94,280.5	2,16,841.2	26.1%	11.6%
Non-Single	7,030.4	14,190.4	18,090.5	101.8%	27.5%	1,04,836.3	83,997.5	97,421.2	-19.9%	16.0%

Source: Life Insurance Council

- For March 2022, non-single premiums grew by 27.5%, while single premiums reported a significantly stronger rate of 42.1%, which is in line with the last year. For FY22, non-single premiums have grown at a faster pace of 16% given the insurance companies now focus on protection plans (further given that an increase in the term plan rates has been implemented by quite a few insurance companies). On the other hand, single premiums continue to account for a substantial portion of the overall premiums. The share of single premiums has grown from 60% for FY20 to 69% in 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. In the last month of the financial year, premium growth can also be attributed to individuals who have undertaken tax planning measures. Growth of single premiums can also be attributed to individuals seeking a predictable rate of return and LIC revising the annuity rates of Jeevan Akshay VII and New Jeevan Shanti plans. 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 cr) of Life Insurance Companies

Premium Type	For Mar 2020	For Mar 2021	For Mar 2022	Mar 2021 Growth in %	Mar 2022 Growth in %	FY20	FY21	FY22	FY21 Growth %	FY22 Growth %
Individual	7,939.1	17,268.5	20,541.9	117.5%	19.0%	1,01,512.5	1,13,824.1	1,25,257.9	12.1%	10.0%
Group	17,470.2	26,148.2	39,066.9	49.7%	49.4%	1,57,383.9	1,64,453.9	1,89,004.6	4.5%	14.9%

Source: Life Insurance Council

- For March 2022, the group premiums increased by 49.4% which is marginally lower than the growth rate of 49.7% recorded in March 2021, while individual premiums grew by 19% in March 2022 significantly lower than the growth rate of 117.5% logged in March 2021. Meanwhile, the FY22 individual premiums reported a lower growth rate of 10% vs. an increase of 12.1% witnessed in FY21, while group premiums grew at 14.9% vs a growth of 4.5% for FY21. Individual premiums ceded around 100 bps of its market share in FY22 vs last year but continue to remain smaller in size compared to group premiums.

CareEdge View:

Insurance demand is positively correlated with economic growth and grows at a multiple to the GDP, consequently, the first-year premium of life insurers is likely to grow in line with the growth in nominal GDP. The primary focus of the life insurance industry in FY21 and a sizeable portion of FY22 was on the Covid-19 pandemic. However, with the country finally coming out of the pandemic's clutch, the industry is expected to focus more on the growth story going forward. 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. However, large ticket ULIPs could be impacted as w.e.f. April 2021, income earned on contribution beyond Rs. 2.5 lakh per annum in ULIPs has become taxable thereby reducing the attractiveness of ULIPs and pushing fund flows to the mutual fund ELSS schemes.

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 cr

Insurer	FY20	FY21	FY22	Mkt Share FY20	Mkt Share FY21	Mkt Share FY22
Aditya Birla Sun Life	3,657.1	4,564.3	5,665.3	1.4%	1.6%	1.8%
Aegon Life	91.7	61.8	16.7	0.0%	0.02%	0.01%
Ageas Federal Life	560.5	631.7	816.4	0.2%	0.2%	0.3%
Aviva Life	217.5	220.2	296.2	0.1%	0.1%	0.1%
Bajaj Allianz Life	5,178.7	6,312.9	9,135.8	2.0%	2.3%	2.9%
Bharti Axa Life	828.8	783.3	934.7	0.3%	0.3%	0.3%
Canara HSBC OBC Life	1,527.5	2,303.4	2,797.6	0.6%	0.8%	0.9%
Edelweiss Tokio Life	383.2	455.3	480.6	0.1%	0.2%	0.2%
Exide Life	888.7	780.7	1,002.3	0.3%	0.3%	0.3%
Future Generali Life	767.4	523.1	457.0	0.3%	0.2%	0.1%
HDFC Life	17,396.3	20,242.4	24,301.1	6.7%	7.3%	7.7%
ICICI Prudential Life	12,348.1	13,032.1	15,035.5	4.8%	4.7%	4.8%
India First Life	1,772.5	1,930.5	2,640.6	0.7%	0.7%	0.8%
Kotak Mahindra Life	5,105.8	5,256.5	6,142.8	2.0%	1.9%	2.0%
Max Life	5,583.6	6,826.9	7,904.4	2.2%	2.5%	2.5%
PNB Met Life	1,778.6	1,996.2	2,468.0	0.7%	0.7%	0.8%
Pramerica Life	514.8	228.5	304.2	0.2%	0.1%	0.1%
Reliance Nippon Life	1,006.1	1,135.0	1,282.3	0.4%	0.4%	0.4%
Sahara Life	-	-	-	0.0%	0.0%	0.0%
SBI Life	16,591.8	20,625.5	25,458.3	6.4%	7.4%	8.1%
Shriram Life	708.6	885.1	1,077.8	0.3%	0.3%	0.3%
Star Union Dai-ichi Life	771.0	1,163.9	1,926.3	0.3%	0.4%	0.6%
Tata AIA Life	3,241.1	4,144.0	5,358.6	1.3%	1.5%	1.7%
Private Total	80,919.4	94,103.4	1,15,502.6	31.3%	33.8%	36.8%
LIC of India	1,77,977.1	1,84,174.6	1,98,759.9	68.7%	66.2%	63.2%
Grand Total	2,58,896.5	2,78,278.0	3,14,262.4	100.0%	100.0%	100.0%

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

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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