

Life Insurance First Year Monthly Premium: FY21 ends on a positive note with strong March numbers. Single Premiums continue to lead the way.

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Overview

The Life insurance sector forged ahead, continuing its monthly growth momentum in March 2021 after witnessing a drop in the last two months of the calendar year 2020. First Year Premium of life insurers witnessed a very high growth of 70.9% in the month of March 2021 to Rs. 43,417 crores compared to Rs. 25,409 crores in March 2020. The growth continued to be driven by a low base effect (a portion of March 2020 was under lockdown due to the pandemic), and an expansion in single premiums however, a fall in non-single premiums restricted this increase.

The premium vis-à-vis sum assured pattern continues to indicate the preference for life insurance products as an investment tool than just as a pure protection plan. Premiums for single premium policies (primarily investment oriented) accounted for a significant portion of the premium in FY21 and increased compared to yoy levels; however, non-single policies witnessed a fall vs. a double-digit growth witnessed in FY20.

Figure 1: Movement in Monthly First Year Premium

Month	Premium in FY19 (Rs cr.)	Premium in FY20 (Rs. cr.)	Premium in FY21 (Rs cr.)	Delta (% change 20 over 19)	Delta (% change 21 over 20)
April	7,280	9,982	6,728	37.1%	-32.6%
May	12,838	18,414	13,739	43.4%	-25.4%
June	16,612	32,241	28,869	94.1%	-10.5%
July	20,219	21,509	22,986	6.4%	6.9%
August	18,639	23,555	27,040	26.4%	14.8%
September	17,491	20,057	25,366	14.7%	26.5%
October	15,480	17,272	22,776	11.6%	31.9%
November	14,858	26,221	19,159	76.5%	-26.9%
December	18,238	25,080	24,383	37.5%	-2.8%
January	17,420	20,623	21,390	18.4%	3.7%
February	18,210	18,533	22,425	1.8%	21.0%
March	37,459	25,409	43,417	-32.2%	70.9%

Source: Life Insurance Council

The sector reported a modest increase of 7.5% in first year premium to Rs. 278,278 crores in FY21 from Rs. 258,896.5 crores in FY20 (compared to an increase of 20.6% reported in FY20). Premiums had increased substantially in FY20 as some high yield policies were to be withdrawn in November 2019 but were finally withdrawn in January 2020. This can be evinced in the CAGR of 13.9% for the period FY19-FY21 albeit with a significant increase in FY20, and a relative correction in FY21 (for the industry). LIC too grew at a CAGR of 13.8% for the same period.

Figure 2: First Year Premium Growth of Life Insurance Companies

Insurer	For Mar 2019	For Mar 2020	For Mar 2021	Mar 2020 Growth in %	Mar 2021 Growth in %	FY19	FY20	FY21	FY20 Growth in %	FY21 Growth in %	Market Share FY20	Market Share FY21
Private Total	12,682.5	8,342.7	15,310.8	-34.2%	83.5%	72,481.2	80,919.4	94,103.4	11.6%	16.3%	31.3%	33.8%
Individual Single Premium	1,186.1	1,066.7	1,990.6	-10.1%	86.6%	7,273.8	9,170.5	13,584.2	26.1%	48.1%	29.5%	32.0%
Individual Non-Single Premium	6,833.5	4,080.0	7,735.9	-40.3%	89.6%	39,397.3	41,114.3	43,833.4	4.4%	6.6%	58.4%	61.4%
Group Single Premium	3,980.5	2,647.4	4,445.9	-33.5%	67.9%	21,881.3	24,674.6	30,304.4	12.8%	22.8%	20.1%	20.0%
Group Non-Single Premium	106.1	70.4	146.7	-33.6%	108.4%	399.5	259.0	401.8	-35.2%	55.2%	0.9%	6.7%
Group Yearly Renewable Premium	576.4	478.3	991.7	-17.0%	107.4%	3,529.4	5,701.1	5,979.7	61.5%	4.9%	89.7%	90.9%
LIC of India	24,776.9	17,066.6	28,105.9	-31.1%	64.7%	1,42,191.7	1,77,977.1	1,84,174.6	25.2%	3.5%	68.7%	66.2%
Individual Single Premium	3,580.3	1,112.9	2,495.8	-68.9%	124.3%	24,393.6	21,967.4	28,822.5	-9.9%	31.2%	70.5%	68.0%
Individual Non-Single Premium	4,682.2	1,679.6	5,046.2	-64.1%	200.4%	26,618.6	29,260.4	27,584.0	9.9%	-5.7%	41.6%	38.6%
Group Single Premium	13,960.5	13,552.0	20,294.0	-2.9%	49.7%	86,527.4	98,247.7	1,21,569.5	13.5%	23.7%	79.9%	80.0%
Group Non-Single Premium	2,346.2	663.6	298.9	-71.7%	-55.0%	3,465.0	27,848.3	5,598.1	703.7%	-79.9%	99.1%	93.3%
Group Yearly Renewable Premium	207.7	58.5	(29.0)	-71.8%	-149.6%	1,187.1	653.2	600.5	-45.0%	-8.1%	10.3%	9.1%
Grand Total	37,459.4	25,409.3	43,416.7	-32.2%	70.9%	2,14,672.9	2,58,896.5	2,78,278.0	20.6%	7.5%		
Individual Single Premium	4,766.4	2,179.5	4,486.4	-54.3%	105.8%	31,667.3	31,137.8	42,406.7	-1.7%	36.2%		
Individual Non-Single Premium	11,515.7	5,759.6	12,782.1	-50.0%	121.9%	66,015.9	70,374.7	71,417.4	6.6%	1.5%		
Group Single Premium	17,941.0	16,199.5	24,739.9	-9.7%	52.7%	1,08,408.7	1,22,922.3	1,51,873.8	13.4%	23.6%		
Group Non-Single Premium	2,452.2	734.0	445.7	-70.1%	-39.3%	3,864.5	28,107.3	6,000.0	627.3%	-78.7%		
Group Yearly Renewable Premium	784.0	536.8	962.7	-31.5%	79.3%	4,716.5	6,354.3	6,580.1	34.7%	3.6%		

Source: Life Insurance Council

- LIC's first year premium increased by 3.5% in FY21 compared to growth of 25.2% in FY20. On the other hand, private companies reported a growth of 16.3% in FY21 versus growth of 11.6% in FY20. Interestingly, LIC grew at a CAGR of 13.8% between FY19 and FY21 compared to industry's growth of 13.9% and private sector growth of 13.9% for the same period.

- Single Premium growth has continued to be a strong support for the overall premium growth for the year, given the current interest rate scenario. Group single premiums grew by 23.6% in 2021 vs. a growth of 13.4% in 2020. Interestingly, as per the IRDAI data up to January 2021, around half of the group single premium is accounted for by premiums for pensions. Individual single premiums grew by 36.2% in 2021 vs. a decline of 1.7% in 2020.

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

Premium type	For Mar 2019	For Mar 2020	For Mar 2021	Mar 2020 Growth in %	Mar 2021 Growth in %	FY19	FY20	FY21	FY20 Growth in %	FY21 Growth in %	Market Share FY20	Market Share FY21
Single	22,707.4	18,379.0	29,226.3	-19.1%	59.0%	1,40,076.0	1,54,060.2	1,94,280.5	10.0%	26.1%	60%	70%
Non-Single	14,751.9	7,030.4	14,190.4	-52.3%	101.8%	74,596.8	1,04,836.3	83,997.5	40.5%	-19.9%	40%	30%

Source: Life Insurance Council

- LIC continues to maintain its dominant share in the first-year premium for FY21 (LIC share of 66.2% vs. 33.8% share of private companies), however, it is ceding some ground to the private players given that the private players are growing at a faster pace.

Figure 4: Movement in Premium Type (Rs crore) of Life Insurance Companies

Premium type	For Mar 2019	For Mar 2020	For Mar 2021	Mar 2020 Growth in %	Mar 2021 Growth in %	FY19	FY20	FY21	FY20 Growth in %	FY21 Growth in %	Market Share FY20	Market Share FY21
Individual	16,282.1	7,939.1	17,268.5	-51.2%	117.5%	97,683.2	1,01,512.5	1,13,824.1	3.9%	12.1%	39%	41%
Group	21,177.2	17,470.2	26,148.2	-17.5%	49.7%	1,16,989.7	1,57,383.9	1,64,453.9	34.5%	4.5%	61%	59%

Source: Life Insurance Council

Despite the manifold challenges present in the current scenario, the life industry ended FY21 on a positive note. The growth was driven by the private sector who grew at a much faster pace compared to the public sector. The single premium policies have driven growth in FY21. The pandemic has created a rise in the demand for protection plans, even as the market volatility continued to affect the demand for linked plans. The life insurance premiums have been all over the place, with monthly premiums increasing and retreating due to the lockdown and business disruption. In FY22, along with the increased awareness of insurance, a digital push for insurance and any increase in term plan premiums could drive the life premiums.

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