

**Life Insurance First Year Premium: Investment objectives drive premium growth in October as single premium policies grow at a fast clip**

**Contact:**

**Sanjay Agarwal**  
Senior Director  
sanjay.agarwal@careratings.com  
+91-22- 6754 3582  
Mob.+91-810-800-7676

**Saurabh Bhalerao**  
Associate Director  
saurabh.bhalerao@careratings.com  
+91-22-6754 3519  
Mob. +91-900-495-2514

**Mradul Mishra (Media Contact)**  
mradul.mishra@careratings.com  
+91-22-6754 3573

**Overview**

The life insurance sector continued to report positive growth in October 2020 for the fourth straight month after witnessing a year-on-year drop in first year premiums in Q1 FY21.

First Year Premium of life insurers grew by 31.9% in the month of October 2020 to Rs 22,776 crore, compared to Rs 17,272 crore in October 2019 driven by yoy growth in individual insurance premium for the month of October 2020.

Single premium policies (primarily investment oriented) have accounted for the growth of premiums in October. If these policies were removed from the analysis, then the overall first year premiums would have witnessed a decline.

**Figure 1: Movement in Monthly First Year Premium**

Month	Premium in 2020 (Rs cr.)	Premium in 2019 (Rs. cr.)	Delta (% change)
March	25,409	37,459	-32.2%
April	6,728	9,982	-32.6%
May	13,739	18,414	-25.4%
June	28,869	32,241	-10.5%
July	22,986	21,509	6.9%
August	27,040	23,555	14.8%
September	25,366	20,057	26.5%
October	22,776	17,272	31.9%

Source: IRDAI

The life insurance sector returned to positive growth in their first year premium collection as business has picked up after reopening of the economy which has been severely impacted by the Covid-19 pandemic. The sector reported an increase of 3.1% in first year premium to Rs. 1,47,503.7 crore in YTD October FY21 from Rs. 1,43,030.0 crore in YTD October FY20 (compared to an increase of 31.8% reported in YTD October FY20).

However, the overall sum assured declined by 7.4% from Rs 25.5 lakh crore in YTD October to Rs. 23.6 lakh crore in YTD October FY21 (compared to an increase of 10.5% reported in YTD October FY20).

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**Figure 2: First Year Premium Growth of Life Insurance Companies**

Insurer	For Oct 2018	For Oct 2019	For Oct 2020	Oct 2019 Growth in %	Oct 2020 Growth in %	YTD Oct FY19	YTD Oct FY20	YTD Oct FY21	YTD Oct FY20 Growth in %	YTD Oct FY21 Growth in %	Market Share YTD Oct FY20	Market Share YTD Oct FY21
<b>Private Total</b>	<b>5,323.5</b>	<b>5,849.7</b>	<b>7,228.0</b>	<b>9.9%</b>	<b>23.6%</b>	<b>34,851.1</b>	<b>41,627.6</b>	<b>43,937.6</b>	<b>19.4%</b>	<b>5.5%</b>	<b>29.1%</b>	<b>29.8%</b>
Individual Single Premium	525.4	586.0	1,010.5	11.5%	72.4%	3,420.2	4,597.2	6,456.2	34.4%	40.4%	23.8%	24.6%
Individual Non-Single Premium	2,733.5	2,834.2	3,207.7	3.7%	13.2%	18,043.1	20,521.0	18,695.6	13.7%	-8.9%	60.5%	59.3%
Group Single Premium	1,806.6	2,081.7	2,580.7	15.2%	24.0%	11,452.7	13,842.9	15,914.4	20.9%	15.0%	20.9%	19.4%
Group Non-Single Premium	37.7	6.1	29.0	-83.8%	375.0%	185.3	85.9	90.9	-53.6%	5.8%	0.4%	2.1%
Group Yearly Renewable Premium	220.4	341.7	400.0	55.1%	17.0%	1,749.8	2,580.5	2,780.5	47.5%	7.7%	84.1%	90.3%
<b>LIC of India</b>	<b>10,157.0</b>	<b>11,422.2</b>	<b>15,548.1</b>	<b>12.5%</b>	<b>36.1%</b>	<b>73,637.6</b>	<b>1,01,402.4</b>	<b>1,03,566.1</b>	<b>37.7%</b>	<b>2.1%</b>	<b>70.9%</b>	<b>70.2%</b>
Individual Single Premium	2,193.6	1,079.2	4,712.7	-50.8%	336.7%	11,468.7	14,735.7	19,761.0	28.5%	34.1%	76.2%	75.4%
Individual Non-Single Premium	1,958.0	2,204.6	1,979.9	12.6%	-10.2%	13,060.3	13,415.8	12,837.3	2.7%	-4.3%	39.5%	40.7%
Group Single Premium	5,823.6	7,902.3	8,358.9	35.7%	5.8%	47,812.2	52,528.5	66,328.0	9.9%	26.3%	79.1%	80.6%
Group Non-Single Premium	108.7	212.9	477.8	95.9%	124.4%	466.1	20,234.6	4,341.1	4241.1%	-78.5%	99.6%	97.9%
Group Yearly Renewable Premium	73.1	23.2	18.8	-68.3%	-18.9%	830.4	487.7	298.7	-41.3%	-38.8%	15.9%	9.7%
<b>Grand Total</b>	<b>15,480.5</b>	<b>17,271.9</b>	<b>22,776.0</b>	<b>11.6%</b>	<b>31.9%</b>	<b>1,08,488.7</b>	<b>1,43,030.0</b>	<b>1,47,503.7</b>	<b>31.8%</b>	<b>3.1%</b>		
Individual Single Premium	2,719.0	1,665.2	5,723.2	-38.8%	243.7%	14,888.8	19,333.0	26,217.2	29.8%	35.6%		
Individual Non-Single Premium	4,691.5	5,038.7	5,187.7	7.4%	3.0%	31,103.4	33,936.8	31,532.9	9.1%	-7.1%		
Group Single Premium	7,630.2	9,984.0	10,939.6	30.8%	9.6%	59,264.9	66,371.4	82,242.5	12.0%	23.9%		
Group Non-Single Premium	146.4	219.0	506.8	49.7%	131.4%	651.4	20,320.5	4,431.9	3019.4%	-78.2%		
Group Yearly Renewable Premium	293.4	364.9	418.8	24.4%	14.8%	2,580.2	3,068.2	3,079.1	18.9%	0.4%		

Source: IRDAI

- LIC's first year premium increased by 2.1% in YTD October FY21 compared to growth of 37.7% in YTD October FY20. While private companies reported a growth of 5.5% in YTD October FY21 versus growth of 19.4% in YTD October FY20.
- Individual single premiums grew by 243.7% in October 2020 vs. a decline of 38.8% in October 2019. These policies have grown by 35.6% in YTD October FY21 (vs. a rise of 29.8% in YTD October FY20) driven by the current interest rate scenario.
- LIC continues to maintain its dominant share in the first year premium for YTD October FY21 (LIC share of 70.2% vs. 29.8% share of private companies); the share in sum assured for private companies has declined by 1.9% in YTD October FY21 when compared with YTD October FY20. In Sum Assured, private companies have a share of 85.5% (vs 87.4% in YTD October FY20) due to their focus on pure protection plans and a strong digital presence.

**Figure 3: Movement in Sum Assured (Rs lakh crore) of Life Insurance Companies**

Insurer	For Oct 2018	For Oct 2019	For Oct 2020	Oct 2019 Growth in %	Oct 2020 Growth in %	YTD Oct FY19	YTD Oct FY20	YTD Oct FY21	YTD Oct FY20 Growth in %	YTD Oct FY21 Growth in %	Market Share YTD Oct FY20	Market Share YTD Oct FY21
Private	2.7	3.3	3.0	22.8%	-9.5%	17.2	22.2	20.2	29.6%	-9.4%	87.4%	85.5%
LIC of India	0.8	0.5	0.6	-37.1%	13.3%	5.9	3.2	3.4	-45.3%	6.5%	12.6%	14.5%
Grand Total	3.5	3.8	3.6	9.2%	-6.5%	23.0	25.5	23.6	10.5%	-7.4%	100%	100%

Source: IRDAI

- As can be seen in Figure 4, individual premium grew sharply by 62.8% in October 2020 vs. the negative growth witnessed in October 2019; however, the YTD October FY21 growth of 8.4% is nearly half of the growth witnessed in YTD Octobers FY20.
- The group premium grew by 12.3% in October 2020; however growth remained flat for the YTD October FY21 period. The group premium continues to be larger than the individual premium, but individual premium has been reducing its gap, year by year.

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

Premium type	For Oct 2018	For Oct 2019	For Oct 2020	Oct 2019 Growth in %	Oct 2020 Growth in %	YTD Oct FY19	YTD Oct FY20	YTD Oct FY21	YTD Oct FY20 Growth in %	YTD Oct FY21 Growth in %
Individual	7,410.4	6,703.9	10,910.9	-9.5%	62.8%	45,992.3	53,269.8	57,750.1	15.8%	8.4%
Group	8,070.0	10,567.9	11,865.2	31.0%	12.3%	62,496.5	89,760.2	89,753.5	43.6%	0.0%

Source: IRDAI

- The pandemic has created a rise in the demand for protection plans, while the market volatility has continued to affect the demand for linked plans. The life insurance business has witnessed a fall in Q1FY21 due to the lockdown and business disruption. However growth has returned to the industry in October 2020. The industry is expected to grow in the single digits for the year as compared to a double digit growth witnessed last year. Overall, the outlook is expected to be stable in the medium term.

**Annexure: Company wise growth in First Year Premium Growth**

S. No.	Insurer	For Oct 2018	For Oct 2019	For Oct 2020	Oct 2019 Growth in %	Oct 2020 Growth in %	YTD Oct FY19	YTD Oct FY20	YTD Oct FY21	YTD Oct FY20 Growth in %	YTD Oct FY21 Growth in %	Market Share YTD Oct FY19	Market Share YTD Oct FY20	Market Share YTD Oct FY21
	<b>Grand Total</b>	<b>15,480.5</b>	<b>17,271.9</b>	<b>22,776.0</b>	<b>11.6%</b>	<b>31.9%</b>	<b>1,08,488.7</b>	<b>1,43,030.0</b>	<b>1,47,503.7</b>	<b>31.8%</b>	<b>3.1%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>
1	LIC of India	10,157.0	11,422.2	15,548.1	12.5%	36.1%	73,637.6	1,01,402.4	1,03,566.1	37.7%	2.1%	67.9%	70.9%	70.2%
	<b>Private Total</b>	<b>5,323.5</b>	<b>5,849.7</b>	<b>7,228.0</b>	<b>9.9%</b>	<b>23.6%</b>	<b>34,851.1</b>	<b>41,627.6</b>	<b>43,937.6</b>	<b>19.4%</b>	<b>5.5%</b>	<b>32.1%</b>	<b>29.1%</b>	<b>29.8%</b>
2	Aditya Birla Sun Life	331.6	352.8	302.1	6.4%	-14.4%	2,006.6	1,776.0	2,302.5	-11.5%	29.6%	1.8%	1.2%	1.6%
3	Aegon Life	10.8	6.9	11.2	-36.5%	62.6%	61.6	52.1	40.8	-15.4%	-21.7%	0.1%	0.0%	0.0%
4	Aviva Life	19.1	12.9	18.9	-32.5%	46.3%	112.5	108.1	117.6	-3.9%	8.8%	0.1%	0.1%	0.1%
5	Bajaj Allianz Life	495.1	400.3	645.7	-19.2%	61.3%	2,428.6	2,648.8	2,759.7	9.1%	4.2%	2.2%	1.9%	1.9%
6	Bharti Axa Life	70.5	61.9	50.5	-12.2%	-18.4%	468.0	476.2	368.5	1.7%	-22.6%	0.4%	0.3%	0.2%
7	Canara HSBC OBC Life	89.6	101.1	148.1	12.9%	46.4%	728.4	863.4	1,119.2	18.5%	29.6%	0.7%	0.6%	0.8%
8	Edelweiss Tokio Life	24.2	24.2	25.1	0.1%	3.7%	191.8	177.4	185.5	-7.5%	4.5%	0.2%	0.1%	0.1%
9	Evide Life	55.5	59.0	54.7	6.2%	-7.2%	384.7	441.6	322.8	14.8%	-26.9%	0.4%	0.3%	0.2%
10	Future Generali Life	48.9	45.5	30.7	-6.8%	-32.5%	294.5	402.7	180.1	36.7%	-55.3%	0.3%	0.3%	0.1%
11	HDFC Life	1,164.0	1,083.6	1,658.8	-6.9%	53.1%	7,450.8	9,090.9	10,220.4	22.0%	12.4%	6.9%	6.4%	6.9%
12	ICICI Prudential Life	675.5	934.8	990.2	38.4%	5.9%	4,952.5	6,086.5	5,446.6	22.9%	-10.5%	4.6%	4.3%	3.7%
13	IDBI Federal Life	55.1	34.2	46.0	-38.0%	34.6%	355.5	298.3	267.3	-16.1%	-10.4%	0.3%	0.2%	0.2%
14	India First Life	197.5	137.4	160.0	-30.4%	16.4%	1,074.1	985.1	993.0	-8.3%	0.8%	1.0%	0.7%	0.7%
15	Kotak Mahindra Life	243.6	335.0	309.2	37.5%	-7.7%	1,726.9	2,375.8	1,964.4	37.6%	-17.3%	1.6%	1.7%	1.3%
16	Max Life	307.0	331.6	488.9	8.0%	47.4%	2,214.1	2,620.8	2,983.7	18.4%	13.8%	2.0%	1.8%	2.0%
17	PNB Met Life	113.1	114.4	142.7	1.2%	24.7%	751.2	885.6	794.2	17.9%	-10.3%	0.7%	0.6%	0.5%
18	Pramerica Life	65.2	45.9	20.5	-29.7%	-55.3%	848.5	345.9	114.5	-59.2%	-66.9%	0.8%	0.2%	0.1%
19	Reliance Nippon Life	74.4	68.8	77.7	-7.4%	12.9%	536.8	536.1	462.3	-0.1%	-13.8%	0.5%	0.4%	0.3%
20	Sahara Life	0.0	-	-	-100.0%	NA	0.0	-	0.0	-100.0%	NA	0.0%	0.0%	0.0%
21	SBI Life	1,038.4	1,422.9	1,591.0	37.0%	11.8%	6,608.7	9,237.2	10,590.0	39.8%	14.6%	6.1%	6.5%	7.2%
22	Shriram Life	47.7	48.4	84.8	1.5%	75.2%	419.6	366.7	333.4	-12.6%	-9.1%	0.4%	0.3%	0.2%
23	Star Union Dai-ichi Life	29.8	40.0	71.2	34.3%	78.2%	284.9	355.9	455.2	24.9%	27.9%	0.3%	0.2%	0.3%
24	Tata AIA Life	166.8	188.0	299.9	12.7%	59.5%	950.8	1,496.2	1,915.8	57.4%	28.0%	0.9%	1.0%	1.3%

Source: IRDAI