

Life Insurance: Non-Single Premiums Lead the Growth Charts, But Fall in Overall Single Premiums Drag

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Overview

Following robust growth in FY23, first-year premium numbers in September 2023 witnessed a decline of 15.5%, an improvement from the 18.5% decrease observed in August. This trend was preceded by a more substantial drop of 28.7% in July and compares unfavourably to a 17.3% increase in September 2022. Several factors contributed to this decline, including a substantial reduction in group premiums, particularly attributable to LIC, introduction of a new tax regime, and the significant momentum experienced in March 2023. The private insurance sector, however, played a mitigating role by partially counteracting the dip in LIC premiums. While private insurance companies have maintained growth, their pace was comparatively subdued in comparison to the previous year.

Additionally, H1FY24 new business premiums of life insurers reported a drop of 13% compared to the 37.9% growth in H1FY23. The y-o-y decline can be attributed to group premiums (primarily single premiums and LIC). Private insurance companies continued their growth momentum as they witnessed growth in the individual space.

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

Month	Premium in FY22	Premium in FY23	Premium in FY24	FY22 vs FY21 (%)	FY23 vs FY22 (%)	FY24 vs FY23 (%)
April	9,739	17,940	12,565.3	44.8	84.2	-30.0
May	12,977	24,480	23,477.8	-5.5	88.6	-4.1
June	30,009	31,255	36,961.8	4.0	4.1	18.3
July	20,435	39,079	27,867.1	-11.1	91.2	-28.7
August	27,821	32,856	26,788.6	2.9	18.1	-18.5
September	31,001	36,366.5	30,716.3	22.2	17.3	-15.5
October	21,606	24,917		-5.1	15.3	
November	27,177	35,459		41.8	30.5	
December	24,466	26,838		0.3	9.7	
January	21,957	26,424		2.7	20.3	
February	27,465	22,848		22.5	-16.8	
March	59,609	52,081		37.3	-12.6	

Source: Life Insurance Council, IRDAI

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

Insurer	For Sep 2021	For Sep 2022	For Sep 2023	Sep 2022 Growth	Sep 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Private Total	12,481.0	11,375.3	12,590.0	-8.9	10.7	46,869.3	57,785.9	65,734.2	23.3	13.8
Individual Single	1,681.8	1,939.4	2,035.6	15.3	5.0	7,280.3	8,739.1	9,364.9	20.0	7.2
Individual Non-Single	4,957.5	5,263.2	5,922.3	6.2	12.5	20,404.1	24,640.1	27,800.3	20.8	12.8
Group Single	5,093.9	3,534.6	3,992.4	-30.6	13.0	15,824.9	19,733.5	23,801.1	24.7	20.6
Group Non-Single	18.3	18.8	17.9	2.5	-4.4	127.9	89.8	58.5	-29.8	-34.8
Group Yearly Renew	729.5	619.4	621.7	-15.1	0.4	3,232.1	4,583.5	4,709.3	41.8	2.7
LIC	18,520.2	24,991.3	18,126.3	34.9	-27.5	85,112.6	1,24,191.1	92,642.6	45.9	-25.4
Individual Single	2,292.2	2,118.8	2,512.9	-7.6	18.6	10,100.6	10,770.9	11,335.7	6.6	5.2
Individual Non-Single	2,523.9	2,495.1	2,581.8	-1.1	3.5	11,805.3	13,712.8	13,800.3	16.2	0.6
Group Single	13,367.1	19,715.9	12,085.5	47.5	-38.7	61,741.3	96,878.2	64,522.9	56.9	-33.4
Group Non-Single	191.2	567.7	243.1	196.9	-57.2	805.4	2,496.2	1,854.9	209.9	-25.7
Group Yearly Renew	145.8	93.7	703.1	-35.7	650.4	660.0	333.0	1,128.8	-49.5	239.0
Grand Total	31,001.2	36,366.5	30,716.3	17.3	-15.5	1,31,981.9	1,81,977.0	1,58,376.8	37.9	-13.0
Individual Single	3,974.0	4,058.2	4,548.5	2.1	12.1	17,380.8	19,510.0	20,700.6	12.2	6.1
Individual Non-Single	7,481.4	7,758.3	8,504.1	3.7	9.6	32,209.4	38,352.9	41,600.6	19.1	8.5
Group Single	18,461.0	23,250.5	16,077.9	25.9	-30.8	77,566.3	1,16,611.7	88,324.1	50.3	-24.3
Group Non-Single	209.5	586.5	261.0	179.9	-55.5	933.3	2,586.0	1,913.4	177.1	-26.0
Group Yearly Renew	875.3	713.1	1,324.8	-18.5	85.8	3,892.1	4,916.5	5,838.1	26.3	18.7

Source: IRDAI, Life Insurance Council

- Private insurers maintained their growth momentum albeit at a reduced rate of 10.7% in September 2023 compared to a fall of 8.9% in September 2022, meanwhile, LIC's first-year premium decreased by 27.5% in September 2023 compared to an increase of 34.9% in September 2022 on the back of group single premiums. The aggregate decrease can continue to be attributed to higher momentum in March 2023, reduced single premiums, primarily LIC and as the new tax regime has been made more attractive and the default tax regime for individual taxpayers.

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

Premium Type	For Sep 2021	For Sep 2022	For Sep 2023	Sep 2022 Growth	Sep 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Single	22,435.0	27,308.7	20,626.4	21.7	-24.5	94,947.1	1,36,121.6	1,09,024.7	43.4	-19.9
Non-Single	8,566.2	9,057.8	10,089.9	5.7	11.4	37,034.8	45,855.3	49,352.1	23.8	7.6

Source: IRDAI, Life Insurance Council

- For September 2023, the non-single premiums rose by 11.4% vs. 5.7% reported in September 2022, while single premiums continued to fall by 24.5% in September 2023 vs. an increase of 21.7% in September 2022. The fall in single premiums can be attributed to LIC while private players have reported some growth albeit at a muted level. Despite this fall, single premiums continue to account for a substantial portion of the overall first-year premiums.
- 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. Pension plans, General Annuity and Group Gratuity Schemes 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	For Sep 2021	For Sep 2022	For Sep 2023	Sep 2022 Growth	Sep 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Individual	11,455.4	11,816.5	13,052.6	3.2	10.5	49,590.2	57,862.9	62,301.2	16.7	7.7
Group	19,545.8	24,550.0	17,663.7	25.6	-28.1	82,391.6	1,24,114.1	96,075.6	50.6	-22.6

Source: IRDAI, Life Insurance Council

- For September 2023, the group premiums fell by 28.1%, compared to an increase of 25.6% in September 2022, the single premium segment accounted for this drop. Meanwhile, the growth of individual premiums increased to 10.5% compared to the last year's much more modest growth rate of 3.2%.
- For H1FY24, the fall in group premiums has continued while individual premiums have risen albeit at a muted rate. Individual premiums continue to remain smaller in size compared to group premiums.

CareEdge View

In FY23, life insurance companies exhibited significant top-line growth, attributable to factors such as it being the first full year unencumbered by Covid-related constraints, an increase in the non-participating (non-par) segment during the last quarter of FY23, along with a rise in term policies (protection plans). Furthermore, the demand for annuity products in the immediate term, coupled with diligent cost management practices, has bolstered the sector's financial outlook. A pivotal development impacting the industry has been the imposition of the new tax regime. This regulatory change, effective from April 01, 2023, has had visible implications on the sector's activities during this period, consequently leading to a subdued performance in the first half of FY24. Consequently, in H1FY24, the New Business Premium for Life Insurers has witnessed a contraction. This downturn can be attributed to the deceleration in group business.

The life insurance enterprises will undertake strategic adjustments in their policy portfolio to promote growth, albeit at a more measured pace in FY24. As the sector responds to regulatory alterations, the potential growth throughout FY24 would need to be monitored. Further, the companies would have to increase the operating tempo as they would have to sell more policies to generate similar premiums as high value policies become unattractive due to the new tax regime. Despite the transient fluctuations, the overarching growth potential of the life insurance segment remains resilient. This is substantiated by several factors, including the existing protection gap within the market, a regulatory framework that fosters industry development, and the sustained necessity for insurance provisions. Considering these factors, CareEdge believes the long-term trajectory for growth in the life insurance sector remains positive.

Annexure

Figure 5: Company-wise Share in First-year Premium - Rs crore

Insurer	YTD FY22	YTD FY23	YTD FY24	Chge FY23 vs FY22	Chge FY24 vs FY23	Mkt Sh. YTD FY22 (%)	Mkt Sh. YTD FY23 (%)	Mkt Sh. YTD FY24 (%)
Acko Life		-	1.6	na	nm	0.0	0.0	0.0
Aditya Birla Sun Life	2,323.8	3,420.5	3,300.8	47.2	-3.5	1.8	1.9	2.1
Aegon Life	12.5	1.8	34.4	-85.7	nm	0.01	0.001	0.02
Aegas Federal Life	305.2	354.5	471.1	16.1	32.9	0.2	0.2	0.3
Aviva Life	118.1	120.8	175.3	2.3	45.2	0.1	0.1	0.1
Bajaj Allianz Life	3,522.4	5,152.1	4,975.3	46.3	-3.4	2.7	2.8	3.1
Bharti Axa Life	379.0	430.9	377.5	13.7	-12.4	0.3	0.2	0.2
Canara HSBC OBC Life	1,333.5	1,219.7	1,387.1	-8.5	13.7	1.0	0.7	0.9
CreditAccess Life		-	20.1	Na	Nm	0.0	0.0	0.01
Edelweiss Tokio Life	179.1	192.8	214.3	7.7	11.2	0.1	0.1	0.1
Future Generali	185.2	326.3	181.3	76.2	-44.5	0.1	0.2	0.1
Godigit Life		-	90.4	Na	Nm	0.0	0.0	0.1
HDFC Life	10,877.0	11,452.4	13,153.7	5.3	14.9	8.2	6.3	8.3
ICICI Prudential Life	6,460.6	7,359.1	7,410.3	13.9	0.7	4.9	4.0	4.7
India First Life	1,094.0	1,257.6	1,859.0	15.0	47.8	0.8	0.7	1.2
Kotak Mahindra Life	2,164.2	2,878.3	3,208.5	33.0	11.5	1.6	1.6	2.0
Max Life	3,108.7	3,378.0	4,275.3	8.7	26.6	2.4	1.9	2.7
PNB Met Life	866.7	1,292.5	1,381.2	49.1	6.9	0.7	0.7	0.9
Pramerica Life	127.7	250.4	478.6	96.2	91.1	0.1	0.1	0.3
Reliance Nippon Life	476.6	490.4	532.7	2.9	8.6	0.4	0.3	0.3
Sahara Life	-	-	-	na	Na	0.0	0.0	0.0
SBI Life	10,287.4	13,087.1	16,258.1	27.2	24.2	7.8	7.2	10.3
Shriram Life	377.0	463.0	859.0	22.8	85.5	0.3	0.3	0.5
Star Union Dai-ichi Life	793.0	1,635.2	1,464.9	106.2	-10.4	0.6	0.9	0.9
Tata AIA Life	1,877.8	3,022.7	3,623.7	61.0	19.9	1.4	1.7	2.3
Private Total	46,869.3	57,785.9	65,734.2	23.3	13.8	35.5	31.8	41.5
LIC of India	85,112.6	1,24,191.1	92,642.6	45.9	-25.4	64.5	68.2	58.5
Grand Total	1,31,982	1,81,977	1,58,377	37.9	-13.0	100.0	100.0	100.0

Source: IRDAI, Life Insurance Council; Note: Exide Life Insurance Co.'s business has been merged into HDFC Life

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