

# Life Insurance: Monthly First Year Premiums Break their Fall in October, Private Sector Growth Outpaces Industry



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## Overview

Following robust growth in FY23, first-year premium numbers in FY24 have been moving in a subdued manner. For the month of October 2023 witnessed an increase of 7.6%, breaking the fall observed for the last three months. Despite this improvement, the performance still compares unfavourably against the growth of 15.3% witnessed in the same period last year. The private insurance sector played a mitigating role by counteracting the dip in LIC premiums.

Additionally, YTFY24 new business premiums of life insurers reported a drop of 10.5% compared to the 37.4% growth in YTFY23. The y-o-y decline can be attributed to group premiums (primarily single premiums and LIC). Other factors contributing to this decline, include a substantial reduction in group premiums, particularly attributable to LIC, the introduction of a new tax regime, and the significant momentum experienced in March 2023. While private insurance companies have maintained growth, their pace was comparatively subdued in comparison to the previous year. Larger private companies witnessed better growth compared to their smaller counterparts.

**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	9,738.8	17,939.6	12,565.3	44.8	84.2	-30.0
May	12,977.0	24,480.4	23,477.8	-5.5	88.6	-4.1
June	30,009.5	31,254.6	36,961.8	4.0	4.1	18.3
July	20,434.7	39,078.9	27,867.1	-11.1	91.2	-28.7
August	27,820.7	32,856.4	26,788.6	2.9	18.1	-18.5
September	31,001.2	36,366.5	30,716.3	22.2	17.3	-15.5
October	21,606.3	24,916.6	26,819.0	-5.1	15.3	7.6
November	27,177.3	35,458.8		41.8	30.5	
December	24,466.5	26,838.3		0.3	9.7	
January	21,957.0	26,423.7		2.7	20.3	
February	27,464.8	22,847.7		22.5	-16.8	
March	59,608.8	52,081.1		37.3	-12.6	

Source: Life Insurance Council, IRDAI

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

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	Oct 2022 Growth	Oct 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Top 5 Private	5,736.8	6,236.3	7,862.4	8.7%	26.1%	39,557.3	46,251.9	53,935.1	16.9%	16.6%
Private ex Top 5	2,368.7	2,760.2	3,309.4	16.5%	19.9%	15,417.5	20,530.5	22,970.9	33.2%	11.9%
Private	8,105.5	8,996.5	11,171.9	11.0%	24.2%	54,974.8	66,782.3	76,906.0	21.5%	15.2%
LIC	13,500.8	15,920.1	15,647.2	17.9%	-1.7%	98,613.4	1,40,111.2	1,08,289.8	42.1%	-22.7%
Total	21,606.2	24,916.6	26,819.0	15.3%	7.6%	1,53,588.1	2,06,893.5	1,85,195.8	34.7%	-10.5%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

- Private companies have continued their growth compared to LIC's fall. Larger private companies have grown faster than their smaller counterparts.
- Private companies, especially the larger ones, have broadly increased their share, while LIC, which had maintained its share last year due to group single premiums, has been losing share in FY24 as group premiums have been falling this year.

**Figure 3: First-year Premium of Life Insurance Companies (% Share)**

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	YTD FY22	YTD FY23	YTD FY24
Top 5 Private	26.6%	25.0%	29.3%	25.8%	22.4%	29.1%
Private ex Top 5	11.0%	11.1%	12.3%	10.0%	9.9%	12.4%
Private	37.5%	36.1%	41.7%	35.8%	32.3%	41.5%
LIC	62.5%	63.9%	58.3%	64.2%	67.7%	58.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

**Figure 4: First-year Group Premiums Growth of Life Insurance Companies (Rs crore)**

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	Oct 2022 Growth	Oct 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Top 5 Private	1,932.0	2,478.0	3,436.5	28.3%	38.7%	16,093.5	19,558.6	23,661.2	21.5%	21.0%
Private ex Top 5	909.5	1,104.9	1,452.2	21.5%	31.4%	5,932.9	8,431.0	9,796.4	42.1%	16.2%
Private	2,841.5	3,582.9	4,888.7	26.1%	36.4%	22,026.4	27,989.6	33,457.6	27.1%	19.5%
LIC	8,961.1	11,750.0	11,549.4	31.1%	-1.7%	72,167.9	1,11,457.4	79,056.0	54.4%	-29.1%
Total	11,802.7	15,332.9	16,438.1	29.9%	7.2%	94,194.3	1,39,447.0	1,12,513.7	48.0%	-19.3%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

- For the month of October, LIC witnessed a fall in both group as well as individual segments in contrast to the private sector, which has maintained their growth rate. For YTD FY24, while private companies have continued their growth momentum, LIC reported a fall in group premiums, and eked out a small growth in the individual segment.

**Figure 5: First-year Individual Premiums Growth of Life Insurance Companies (Rs crore)**

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	Oct 2022 Growth	Oct 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Top 5 Private	3,804.8	3,758.2	4,426.0	-1.2%	17.8%	23,463.8	26,693.2	30,273.9	13.8%	13.4%
Private ex Top 5	1,459.2	1,655.3	1,857.3	13.4%	12.2%	9,484.6	12,099.5	13,174.5	27.6%	8.9%
Private	5,263.9	5,413.6	6,283.2	2.8%	16.1%	32,948.3	38,792.7	43,448.4	17.7%	12.0%
LIC	4,539.7	4,170.2	4,097.7	-8.1%	-1.7%	26,445.5	28,653.9	29,233.7	8.4%	2.0%
Total	9,803.6	9,583.7	10,380.9	-2.2%	8.3%	59,393.8	67,446.6	72,682.2	13.6%	7.8%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

**Figure 6: First-year Individual Non-single Premiums (Rs crore)**

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	Oct 2022 Growth	Oct 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Top 5 Private	2,756.0	2,670.5	3,270.0	-3.1%	22.4%	16,562.4	18,478.6	21,691.4	11.6%	17.4%
Private ex Top 5	1,196.6	1,398.7	1,625.4	16.9%	16.2%	7,794.4	10,230.7	11,004.3	31.3%	7.6%
Private	3,952.6	4,069.2	4,895.3	2.9%	20.3%	24,356.8	28,709.3	32,695.7	17.9%	13.9%
LIC	2,166.7	2,301.3	2,357.7	6.2%	2.4%	13,972.0	16,014.1	16,158.0	14.6%	0.9%
Total	6,119.4	6,370.5	7,253.0	4.1%	13.9%	38,328.8	44,723.4	48,853.6	16.7%	9.2%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

- First-year Individual Non-single Premiums of private companies grew faster than the industry, LIC's numbers remained flattish. Private companies in aggregate have a significantly larger share compared to LIC. Even the larger companies put together have a higher share in this segment.

**Figure 7: First-year Individual Non-single Premiums (% share)**

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	YTD FY22	YTD FY23	YTD FY24
Top 5 Private	45.0%	41.9%	45.1%	43.2%	41.3%	44.4%
Private ex Top 5	19.6%	22.0%	22.4%	20.3%	22.9%	22.5%
Private	64.6%	63.9%	67.5%	63.5%	64.2%	66.9%
LIC	35.4%	36.1%	32.5%	36.5%	35.8%	33.1%
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

**Figure 8: Number of First-year Individual Non-single Policies**

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	Oct 2022 Growth	Oct 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Top 5 Private	3,25,536	3,26,097	3,91,720	0.2%	20.1%	21,49,550	23,11,710	26,42,656	7.5%	14.3%
Private ex Top 5	1,88,559	1,95,340	2,25,034	3.6%	15.2%	12,71,021	14,79,758	15,32,243	16.4%	3.5%
Private	5,14,095	5,21,437	6,16,754	1.4%	18.3%	34,20,571	37,91,468	41,74,899	10.8%	10.1%
LIC	14,52,851	11,06,537	13,57,867	-23.8%	22.7%	84,20,207	90,25,834	89,76,780	7.2%	-0.5%
Total	19,66,946	16,27,974	19,74,621	-17.2%	21.3%	1,18,40,778	1,28,17,302	1,31,51,679	8.2%	2.6%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

- In October 2023, LIC's first-year individual non-single policies grew faster than the private companies. Meanwhile for October 2023, mixed trends can be observed in ticket size, large private companies grew faster than smaller companies while LIC witnessed a fall. LIC continues to have a significantly smaller premia per policy.

**Figure 9: Average Policy Size in Individual Non-single Segment (Rs)**

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	Oct 2022 Growth	Oct 2023 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Top 5 Private	84,661	81,893	83,477	-3.3%	1.9%	77,051	79,935	82,082	3.7%	2.7%
Private ex Top 5	63,460	71,602	72,227	12.8%	0.9%	61,324	69,137	71,818	12.7%	3.9%
Private	76,885	78,038	79,373	1.5%	1.7%	71,207	75,721	78,315	6.3%	3.4%
LIC	14,914	20,797	17,363	39.5%	-16.5%	16,593	17,743	18,000	6.9%	1.4%
Total	31,111	39,131	36,731	25.8%	-6.1%	32,370	34,893	37,146	7.8%	6.5%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

**Figure 10: Single Premium as a Share of Total First Year Premiums (%)**

Insurers	For Oct 2021	For Oct 2022	For Oct 2023	YTD FY22	YTD FY23	YTD FY24
Top 5 Private	48.7%	51.9%	54.0%	52.8%	53.7%	53.9%
Private ex Top 5	38.8%	41.5%	45.0%	38.5%	39.1%	42.7%
Private	45.8%	48.7%	51.3%	48.8%	49.2%	50.6%
LIC	80.8%	81.3%	84.1%	83.9%	86.1%	82.2%
Total	67.6%	69.5%	70.4%	71.3%	74.2%	69.1%

Source: IRDAI, Life Insurance Council; Note: Top 5 include Bajaj Allianz Life, HDFC Life, ICICI Pru Life, Max Life and SBI Life

- The share of single premium moved up to 51.3% for private players in October 2023. Larger private companies source a larger share of their premiums from single premiums compared to the smaller private sector companies.

### 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). After this strong growth in FY23, the industry has witnessed a slowdown over YTD FY24. The fall in performance can be attributed to customers purchasing insurance policies in March 23, right before the implementation of budgetary changes and deceleration in group business. The life insurance enterprises have been strategically adjusting their policy portfolio to promote growth, albeit at a more measured pace in FY24. 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 these short-term 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 continues to remain positive.

## 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 | CIN: L67190MH1993PLC071691

Connect :



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

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