

# Monthly First-Year Life Insurance Premiums Strong in Feb due to Group Single Premiums; YTD Numbers Turn Flat

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## Overview

Following robust growth in FY23, first-year premium numbers in FY24 have been moving in a subdued manner. However, for February 2024, first-year life insurance premiums witnessed a surge of 48.4%, compared to a fall of 16.8% witnessed in the same period last year. The increase can be attributed to group single premiums, especially of LIC and strong monthly performance of the private insurers.

**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	26,494.8	41.8	30.5	-25.3
December	24,466.5	26,838.3	38,583.1	0.3	9.7	43.8
January	21,957.0	26,423.7	33,559.8	2.7	20.3	27.0
February	27,464.8	22,847.7	33,913.2	22.5	-16.8	48.4
March	59,608.8	52,081.1		37.3	-12.6	

Source: Life Insurance Council, IRDAI

Meanwhile, YTD FY24 new business premiums of life insurers narrowed their drop to 0.2% compared to growth of 25.1% growth in YTD FY23. The y-o-y decline can be attributed to the introduction of a new tax regime, a reduction in group premiums, and the significant momentum experienced in March 2023. While private insurance companies have maintained growth and have continued to play a mitigating role by counteracting the dip in LIC premiums, their pace has been subdued compared to the prior year.

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

Insurer	For Feb 2022	For Feb 2023	For Feb 2024	Feb 2023 Growth	Feb 2024 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
<b>Private Total</b>	<b>9,975.4</b>	<b>10,968.2</b>	<b>14,017.2</b>	<b>10.0</b>	<b>27.8</b>	<b>98,212.9</b>	<b>1,15,279.0</b>	<b>1,31,524.3</b>	<b>17.4</b>	<b>14.1</b>
Individual Single	1,580.4	1,533.8	1,889.5	-2.9	23.2	14,708.9	17,193.7	17,749.8	16.9	3.2
Individual Non-Single	4,593.9	5,465.2	6,574.6	19.0	20.3	44,705.2	52,798.6	59,899.0	18.1	13.4
Group Single	3,093.2	3,416.4	4,659.0	10.4	36.4	32,529.3	37,401.5	45,853.5	15.0	22.6
Group Non-Single	66.5	19.2	23.0	-71.1	19.5	356.4	135.0	130.8	-62.1	-3.1
Group Yearly Renew	641.4	533.6	871.2	-16.8	63.3	5,913.0	7,750.1	7,891.3	31.1	1.8
<b>LIC</b>	<b>17,489.3</b>	<b>11,879.5</b>	<b>19,896.0</b>	<b>-32.1</b>	<b>67.5</b>	<b>1,56,440.6</b>	<b>2,03,182.9</b>	<b>1,86,222.4</b>	<b>29.9</b>	<b>-8.3</b>
Individual Single	2,189.3	1,905.6	2,081.9	-13.0	9.3	20,787.2	21,345.7	21,004.2	2.7	-1.6
Individual Non-Single	2,527.3	2,473.1	2,808.6	-2.1	13.6	24,514.6	26,937.5	27,544.0	9.9	2.3
Group Single	12,062.2	7,092.2	14,661.3	-41.2	106.7	1,07,297.5	1,49,485.8	1,32,278.5	39.3	-11.5
Group Non-Single	556.5	342.1	253.7	-38.5	-25.8	2,672.1	4,720.5	3,818.3	76.7	-19.1
Group Yearly Renew	154.1	66.6	90.6	-56.8	36.1	1,169.2	693.5	1,577.4	-40.7	127.5
<b>Grand Total</b>	<b>27,464.8</b>	<b>22,847.6</b>	<b>33,913.2</b>	<b>-16.8</b>	<b>48.4</b>	<b>2,54,653.6</b>	<b>3,18,461.9</b>	<b>3,17,746.7</b>	<b>25.1</b>	<b>-0.2</b>
Individual Single	3,769.7	3,439.4	3,971.3	-8.8	15.5	35,496.1	38,539.3	38,754.0	8.6	0.6
Individual Non-Single	7,121.2	7,938.3	9,383.2	11.5	18.2	69,219.9	79,736.1	87,443.0	15.2	9.7
Group Single	15,155.4	10,508.5	19,320.3	-30.7	83.9	1,39,826.8	1,86,887.4	1,78,132.0	33.7	-4.7
Group Non-Single	622.9	361.3	276.6	-42.0	-23.4	3,028.6	4,855.5	3,949.1	60.3	-18.7
Group Yearly Renew	795.6	600.1	961.8	-24.6	60.3	7,082.2	8,443.6	9,468.7	19.2	12.1

Source: IRDAI, Life Insurance Council

- Most companies including LIC have reported robust growth for the month of February 2024. LIC recorded an increase of 67.5% in February meanwhile as a whole, the private insurers recorded growth of 27.8% which was roughly 2.8x of the rate (10.0%) witnessed in February 2023. On the other hand, for the year-to-date period, private companies have continued their growth compared to LIC's fall. The aggregate decrease can continue to be attributed to higher momentum in March 2023, reduced single premiums, primarily LIC and changes in the tax regime. However, the aggregate decrease has been narrowing as companies chase business aggressively and could end flat or marginally positive as the fiscal year draws to a close.

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

Premium Type	For Feb 2022	For Feb 2023	For Feb 2024	Feb 2023 Growth	Feb 2024 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Single	18,925.1	13,947.9	23,291.6	-26.3	67.0	1,75,322.9	2,25,426.7	2,16,886.0	28.6	-3.8
Non-Single	8,539.7	8,899.7	10,621.6	4.2	19.3	79,330.6	93,035.2	1,00,860.8	17.3	8.4

Source: IRDAI, Life Insurance Council

- For February 2024, the non-single premiums rose by 19.3% which was approximately four and a half times of the 4.2% reported in February 2023, while single premiums rose by a substantial 67.0% (driven by LIC) in February 2024 vs. a decrease of 26.3% in February 2023 (LIC had withdrawn a Saral Pension plan (single premium) by end of February 2023). Despite this jump, single premiums continue to fall for the YTD period yet 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: Single Premium as a Share of Total First Year Premiums (%)**

Insurers	For Feb 2022	For Feb 2023	For Feb 2024	YTD FY22	YTD FY23	YTD FY24
Private	46.9	45.1	46.7	48.1	47.4	48.4
LIC	81.5	75.7	84.2	81.9	84.1	82.3
Total	68.9	61.0	68.7	68.8	70.8	68.3

Source: IRDAI, Life Insurance Council

- The share of single premium reached 46.7% for private players in February 2024. Larger private companies source a larger share of their premiums from single premiums compared to the smaller private sector companies, while LIC derives over 80% from single premiums for February 2024. For the YTD period, the share of single premiums has remained broadly stable for private players, while LIC's share has remained over 80% yet volatile.

**Figure 5: Movement in Premium Type (Rs crore) of Life Insurance Companies**

Premium Type	For Feb 2022	For Feb 2023	For Feb 2024	Feb 2023 Growth	Feb 2024 Growth	YTD FY22	YTD FY23	YTD FY24	YTD FY23 Growth	YTD FY24 Growth
Individual	10,890.9	11,377.7	13,354.5	4.5	17.4	1,04,716.0	1,18,275.4	1,26,197.0	12.9	6.7
Group	16,573.9	11,470.0	20,558.7	-30.8	79.2	1,49,937.6	2,00,186.5	1,91,549.8	33.5	-4.3

Source: IRDAI, Life Insurance Council

- For February 2024, the group premiums surged by 79.2%, compared to a fall of 30.8% in February 2023. The single premium segment accounted for this substantial increase. Meanwhile, the growth of individual premiums reached 17.4% significantly higher than the last year's growth rate of 4.5%.
- For YTD FY24, 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. For YTD FY24, the private sector has maintained its lead in the individual segment, while LIC continues to dominate the group segment.

### **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 tepid YTD FY24. The fall in performance can be attributed to customers purchasing insurance policies in March 2023, right before the implementation of budgetary changes and deceleration in group business. Despite these short-term fluctuations, the growth potential of the life insurance segment remains resilient. Backed by a favourable demography and economy along with the existing protection gap within the market, and a regulatory framework that fosters industry development ("Insurance for all" by 2047), we continue to remain positive on the longer-term outlook for the life insurance space.

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