

Private Companies Report 30% Growth in Individual APE for July 2024

August 16, 2024 | BFSI Research

Overview

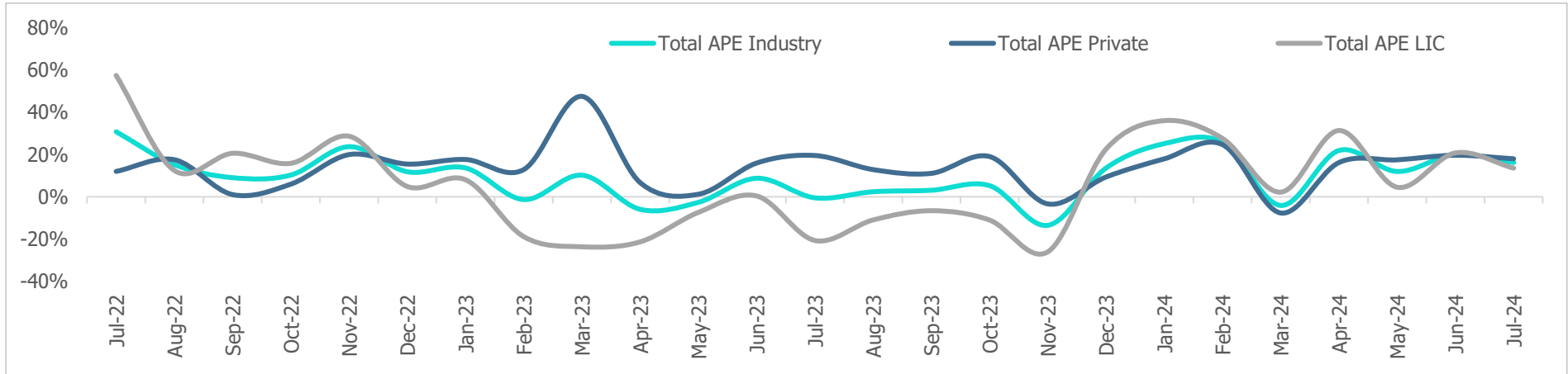
The life insurance industry reported 16.3% y-o-y Annual Premium Equivalent (APE) growth in July 2024 on a low base as July 2023 had been a weak month for most life insurance companies as demand had been frontloaded to March 2023. Meanwhile, the growth in the number of individual policies was tepid at 2.7% in July 2024. LIC reported 13.6% APE growth in July 2024 (driven by group premiums), in contrast to the 20.7% decline recorded in July 2023. The two-year (July 22 – July 24) CAGR was 7.5% for the industry, private players stood at 18.8%, while LIC witnessed a decline of 5.1%. Low base effect, increased insurance coverage, increase in ticket sizes and increase in single premium drove the growth in life insurance premiums in the first four months of FY25.

Figure 1: Movement in APE of life insurance companies (Rs cr)

| APE | Jul-22 | Jul-23 | Jul-24 | Jul 2023 Growth | Jul 2024 Growth | YTD FY23 | YTD FY24 | YTD FY25 | YTD FY24 Growth | YTD FY25 Growth |
|----------|--------|--------|--------|-----------------|-----------------|----------|----------|----------|-----------------|-----------------|
| Private | 5,590 | 6,683 | 7,887 | 19.6 | 18.0 | 19,439 | 21,695 | 25,617 | 11.6 | 18.1 |
| LIC | 5,547 | 4,397 | 4,994 | -20.7 | 13.6 | 17,049 | 15,004 | 17,454 | -12.0 | 16.3 |
| Industry | 11,137 | 11,081 | 12,881 | -0.5 | 16.3 | 36,487 | 36,699 | 43,071 | 0.6 | 17.4 |

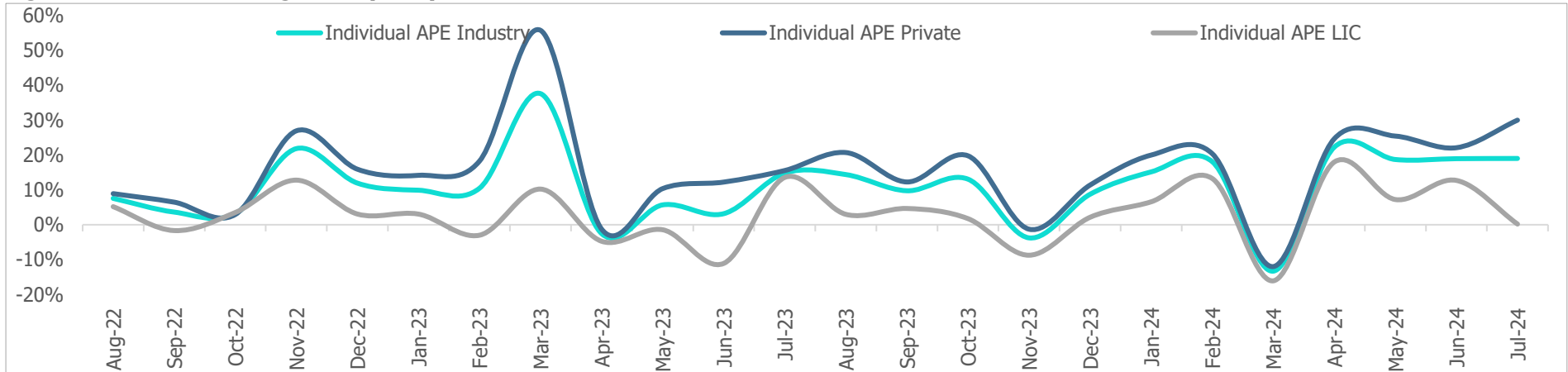
Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 2: Total APE growth (in %)



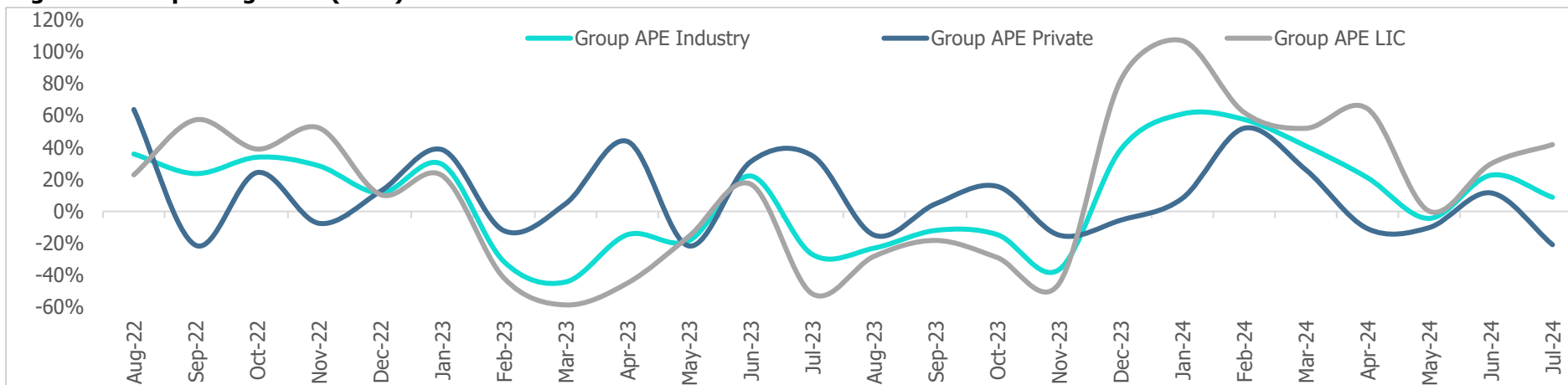
Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 3: Individual APE growth (in %)



Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 4: Group APE growth (in %)



Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 5: Movement in Monthly First-year Premium (Rs crore)

| Month | Premium in FY22 | Premium in FY23 | Premium in FY24 | Premium in FY25 | FY22 vs FY21 (%) | FY23 vs FY22 (%) | FY24 vs FY23 (%) | FY25 vs FY24 (%) |
|-----------|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| April | 9,738.8 | 17,939.6 | 12,565.3 | 20,258.9 | 44.8 | 84.2 | -30 | 61.2 |
| May | 12,977.0 | 24,480.4 | 23,477.8 | 27,034.2 | -5.5 | 88.6 | -4.1 | 15.1 |
| June | 30,009.5 | 31,254.6 | 36,961.8 | 42,433.7 | 4 | 4.1 | 18.3 | 14.8 |
| July | 20,434.7 | 39,078.9 | 27,867.1 | 31,822.7 | -11.1 | 91.2 | -28.7 | 14.2 |
| 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 | 60,213.6 | | 37.3 | -12.6 | 15.6 | |

Source: Life Insurance Council, IRDAI

Figure 6: First-year Premium Growth of Life Insurance Companies (Rs crore)

| Insurer | Jul-22 | Jul-23 | Jul-24 | Jul 2023 Growth | Jul 2024 Growth | YTD FY23 | YTD FY24 | YTD FY25 | YTD FY24 Growth | YTD FY25 Growth |
|-----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-------------------|-------------------|-----------------|-----------------|
| Private Total | 9,962.2 | 12,480.5 | 13,392.1 | 25.3 | 7.3 | 35,436.4 | 40,648.2 | 45,677.9 | 14.7 | 12.4 |
| Individual Single | 1,536.4 | 1,701.5 | 1,843.5 | 10.7 | 8.3 | 5,130.6 | 5,620.6 | 6,286.6 | 9.6 | 11.8 |
| Individual Non-Single | 4,269.6 | 4,940.4 | 6,458.1 | 15.7 | 30.7 | 14,650.2 | 16,142.9 | 20,370.2 | 10.2 | 26.2 |
| Group Single | 3,322.0 | 4,739.8 | 4,272.9 | 42.7 | -9.9 | 12,643.7 | 15,500.9 | 16,063.3 | 22.6 | 3.6 |
| Group Non-Single | 13.4 | 9.7 | 9.0 | -27.6 | -7.6 | 52.4 | 26.3 | 33.1 | -49.8 | 25.6 |
| Group Yearly Renew | 820.9 | 1,089.1 | 808.6 | 32.7 | -25.8 | 2,959.5 | 3,357.4 | 2,924.7 | 13.4 | -12.9 |
| LIC | 29,116.7 | 15,386.6 | 18,430.6 | -47.2 | 19.8 | 77,317.7 | 60,223.8 | 75,871.5 | -22.1 | 26.0 |
| Individual Single | 1,903.0 | 1,992.3 | 2,767.1 | 4.7 | 38.9 | 6,536.3 | 6,560.6 | 8,073.8 | 0.4 | 23.1 |
| Individual Non-Single | 2,436.9 | 2,784.4 | 2,712.5 | 14.3 | -2.6 | 8,720.4 | 8,655.3 | 9,275.1 | -0.7 | 7.2 |
| Group Single | 24,285.6 | 10,217.9 | 12,162.3 | -57.9 | 19.0 | 60,429.4 | 43,683.5 | 56,834.2 | -27.7 | 30.1 |
| Group Non-Single | 435.7 | 242.1 | 675.8 | -44.4 | 179.2 | 1,487.1 | 1,078.3 | 1,396.0 | -27.5 | 29.5 |
| Group Yearly Renew | 55.5 | 149.9 | 112.9 | 170.4 | -24.7 | 144.6 | 246.1 | 292.4 | 70.3 | 18.8 |
| Grand Total | 39,078.9 | 27,867.1 | 31,822.7 | -28.7 | 14.2 | 1,12,754.0 | 1,00,872.0 | 1,21,549.4 | -10.5 | 20.5 |
| Individual Single | 3,439.4 | 3,693.8 | 4,610.7 | 7.4 | 24.8 | 11,666.9 | 12,181.2 | 14,360.4 | 4.4 | 17.9 |
| Individual Non-Single | 6,706.5 | 7,724.8 | 9,170.5 | 15.2 | 18.7 | 23,370.5 | 24,798.2 | 29,645.3 | 6.1 | 19.5 |
| Group Single | 27,607.5 | 14,957.8 | 16,435.3 | -45.8 | 9.9 | 73,073.1 | 59,184.4 | 72,897.5 | -19.0 | 23.2 |
| Group Non-Single | 449.1 | 251.8 | 684.8 | -43.9 | 172.0 | 1,539.5 | 1,104.7 | 1,429.1 | -28.2 | 29.4 |
| Group Yearly Renew | 876.4 | 1,239.0 | 921.5 | 41.4 | -25.6 | 3,104.0 | 3,603.5 | 3,217.1 | 16.1 | -10.7 |

Source: IRDAI, Life Insurance Council

LIC's growth for the month of July as well as for the first four months of FY25 has been higher when compared to its private peers primarily due to group single premiums and low base effect (In July 2023, 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 7: Movement in Premium Type (Rs crore) of Life Insurance Companies

| Premium Type | Jul-22 | Jul-23 | Jul-24 | Jul 2023 Growth | Jul 2024 Growth | YTD FY23 | YTD FY24 | YTD FY25 | YTD FY24 Growth | YTD FY25 Growth |
|--------------|----------|----------|----------|-----------------|-----------------|----------|----------|----------|-----------------|-----------------|
| Single | 31,046.9 | 18,651.5 | 21,045.9 | -39.9 | 12.8 | 84,740.0 | 71,365.6 | 87,257.9 | -15.8 | 22.3 |
| Non-Single | 8,032.0 | 9,215.6 | 10,776.8 | 14.7 | 16.9 | 28,014.1 | 29,506.4 | 34,291.5 | 5.3 | 16.2 |

Source: IRDAI, Life Insurance Council

For July 2024, non-single premiums rose by 16.9% compared to 14.7% in July 2023, while single premium growth rebounded to 12.8% (driven by LIC) compared to a reduction of 39.9% in July 2023. On the other hand, for YTD FY25, single premiums experienced robust growth compared to non-single 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 8: Movement in Premium Type (Rs crore) of Life Insurance Companies

| Premium Type | Jul-22 | Jul-23 | Jul-24 | Jul 2023 Growth | Jul 2024 Growth | YTD FY23 | YTD FY24 | YTD FY25 | YTD FY24 Growth | YTD FY25 Growth |
|--------------|----------|----------|----------|-----------------|-----------------|----------|----------|----------|-----------------|-----------------|
| Individual | 10,145.9 | 11,418.5 | 13,781.2 | 12.5 | 20.7 | 35,037.4 | 36,979.4 | 44,005.7 | 5.5 | 19.0 |
| Group | 28,933.0 | 16,448.6 | 18,041.5 | -43.1 | 9.7 | 77,716.6 | 63,892.6 | 77,543.7 | -17.8 | 21.4 |

Source: IRDAI, Life Insurance Council

For July 2024, the group premiums growth rate turned positive to 9.7%, from a reduction of 43.1% in July 2023. Meanwhile, individual premiums rose by 20.7% compared to the 12.5% growth in July 2023. Individual premiums continue to remain smaller in size compared to group premiums. The private sector has maintained its lead in the individual segment, while LIC continues to dominate the group segment.

CareEdge View

According to Sanjay Agarwal, Senior Director, CareEdge, "The new business premium in FY25 is expected to increase on a comparatively lower base while the growth in total premium is anticipated to remain intact. The growth drivers include prudent underwriting, GDP growth, rapid urbanisation, demand for ULIPs (based on market performance) and protection plans, younger demographic driving insurance coverage, and rising awareness of retirement planning, and digital infrastructure amplifying multiple distribution channels. IRDAI has announced new regulations regarding surrender values, to be implemented from October 01, 2024. The product and commission structure could likely witness significant changes, and lead to volatile premium movement in the remaining part of the current fiscal. However, as these changes are favourable for customers, the growth is likely to rise over the medium term. CareEdge anticipates that the life insurance

industry will sustain a growth rate of approximately 11-13% over the next three to five years. There is likely to be increased emphasis on the agency channel, driven by banks' focus on deposit gathering and companies' efforts to reduce reliance on bancassurance. Meanwhile, any potential adverse macroeconomic conditions could impact growth. Despite these challenges, the medium-term outlook remains positive overall.”

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

About Us:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd previously known as CARE Risk Solutions Pvt Ltd, (II) CARE ESG Ratings Ltd, previously known as CARE Advisory Research and Training Ltd and (III) CareEdge Global IFSC Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings (Africa) Private Ltd in Mauritius, CARE Ratings South Africa (Pty) Ltd, and CARE Ratings Nepal Ltd.

Disclaimer:

CareEdge is a knowledge-based analytical group offering services in Credit Ratings, Analytics, Consulting and Sustainability. Established in 1993, the parent company CARE Ratings Ltd (CareEdge Ratings) is India's second-largest rating agency, with a credible track record of rating companies across diverse sectors and holding leadership positions in high-growth sectors such as BFSI and Infra. The wholly-owned subsidiaries of CareEdge Ratings are (I) CARE Analytics & Advisory Private Ltd previously known as CARE Risk Solutions Pvt Ltd, (II) CARE ESG Ratings Ltd, previously known as CARE Advisory Research and Training Ltd and (III) CareEdge Global IFSC Ltd. CareEdge Ratings' other international subsidiary entities include CARE Ratings (Africa) Private Ltd in Mauritius, CARE Ratings South Africa (Pty) Ltd, and CARE Ratings Nepal Ltd.