

November 2024 Sees Rise in Private APE Driven by Individual Non-Single Policies; LIC APE Impacted by Weak Group Single Premiums

December 12, 2024 | BFSI Research

Overview

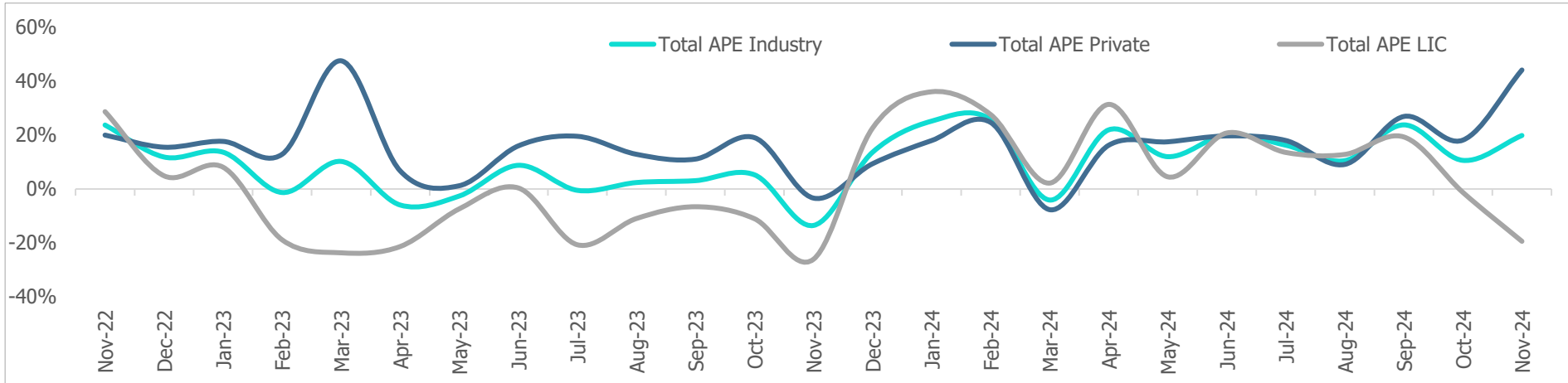
The life insurance industry reported a higher sequential Annual Premium Equivalent (APE) growth of 19.9% y-o-y in November 2024, compared to 10.6% in October 2024, following a strong H1FY25. Private life insurers drove this growth. Another factor impacting the growth momentum is the difference in the distribution channel mix: LIC derives over 90% of the individual new business premiums from the agency channel, while private insurers derive over 50% of the individual new business premiums from the bancassurance channel. The number of Individual Non-Single policies sold in November 2024 was 13.9 lakhs, a 28.9% drop compared to the previous year, primarily due to revised surrender value norms and as LIC volumes dipped. The two-year (November 22 – November 24) CAGR was 1.8% for the industry, with private players at 18.0%, while LIC witnessed a fall of 22.8%. The muted growth can be attributed to ULIP sales, volatile equity markets, group single premiums, and changes in the policy structure on the sum assured and commissions due to the revised surrender value guidelines effective October 01, 2024.

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

APE	Nov-22	Nov-23	Nov-24	Nov 2023 Growth (%)	Nov 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Private	6,549	6,327	9,124	-3.4	44.2	43,760	48,281	58,667	10.3	21.5
LIC	5,298	3,915	3,154	-26.1	-19.4	36,879	32,086	35,252	-13.0	9.9
Industry	11,847	10,243	12,278	-13.5	19.9	80,638	80,368	93,919	-0.3	16.9

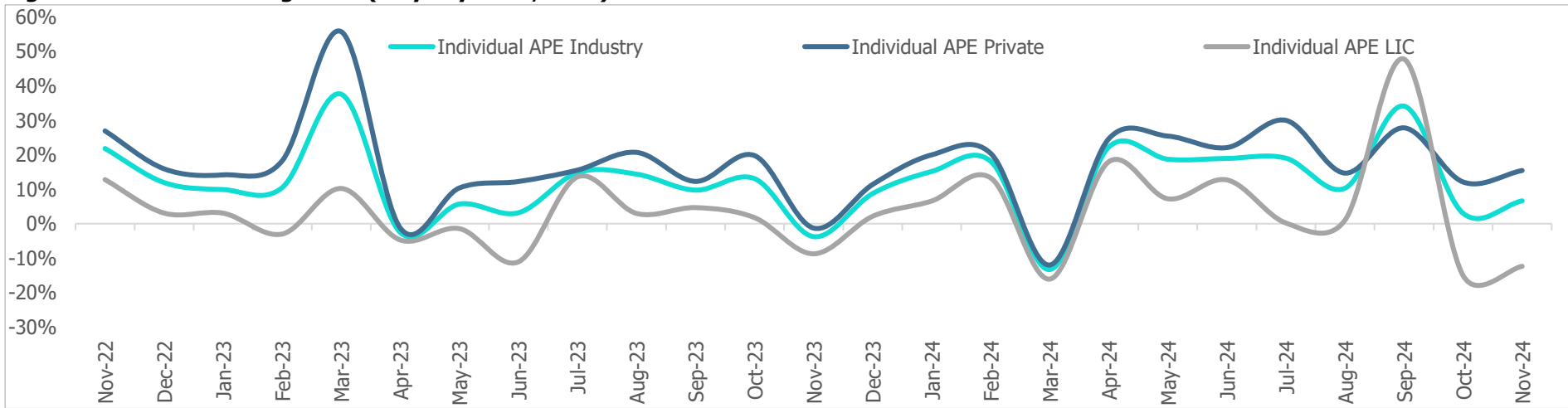
Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 2: Total APE growth (on y-o-y basis, in %)



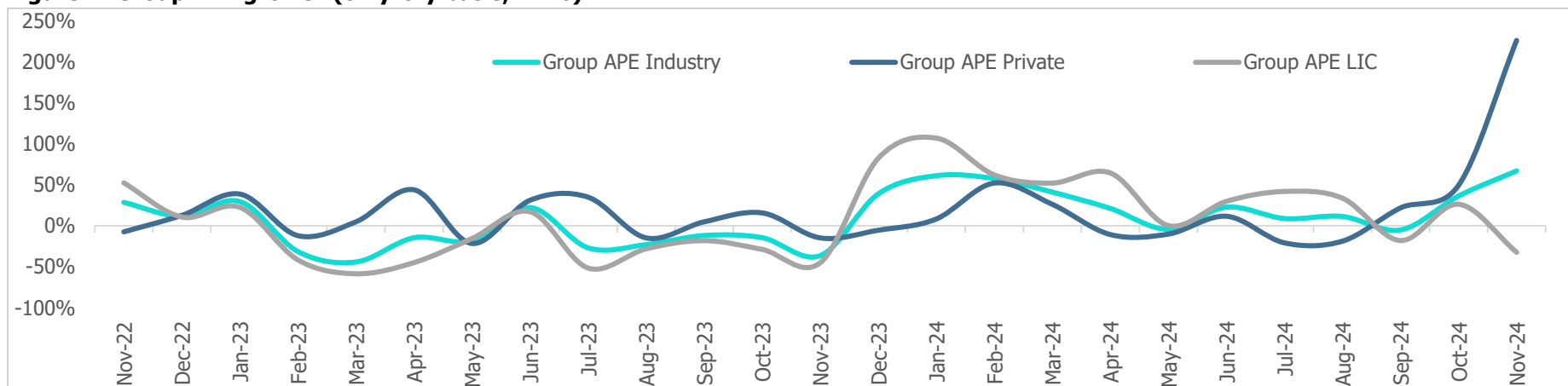
Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 3: Individual APE growth (on y-o-y basis, in %)



Source: Life Insurance Council, IRDAI, CareEdge Calculations

Figure 4: Group APE growth (on y-o-y basis, 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	32,644.1	2.9	18.1	-18.5	21.9
September	31,001.2	36,366.5	30,716.3	35,020.3	22.2	17.3	-15.5	14.0
October	21,606.3	24,916.6	26,819.0	30,347.6	-5.1	15.3	7.6	13.2
November	27,177.3	35,458.8	26,494.8	25,306.6	41.8	30.5	-25.3	-4.5
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	Nov -22	Nov -23	Nov -24	Nov2023 Growth (%)	Nov2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Private Total	11,426.7	10,360.3	13,555.4	-9.3	30.8	78,209.0	87,266.3	1,00,436.1	11.6	15.1
Individual Single	1,720.9	1,395.1	1,662.3	-18.9	19.2	11,804.3	12,147.9	13,344.4	2.9	9.8
Individual non-single	5,360.9	5,322.6	6,138.2	-0.7	15.3	34,070.2	38,018.3	46,213.1	11.6	21.6
Group Single	3,699.0	3,086.0	3,261.6	-16.6	5.7	26,472.8	31,231.0	33,125.5	18.0	6.1
Group non-single	2.9	4.6	126.3	60.8	Nm	100.5	86.1	190.3	-14.3	121.0
Group Yearly Renew	643.1	552.0	2,366.9	-14.2	328.8	5,761.3	5,783.0	7,562.9	0.4	30.8
LIC	24,032.1	16,134.5	11,751.1	-32.9	-27.2	1,64,143.3	1,24,424.3	1,44,432.1	-24.2	16.1
Individual Single	2,179.2	1,927.4	2,007.1	-11.6	4.1	14,818.9	15,003.1	17,527.1	1.2	16.8
Individual non-single	2,552.7	2,335.7	2,014.8	-8.5	-13.7	18,566.8	18,493.7	19,699.1	-0.39	6.5
Group Single	18,635.9	11,649.5	7,545.3	-37.5	-35.2	1,26,586.3	87,594.4	1,03,784.2	-30.8	18.5
Group non-single	601.7	122.3	62.4	-79.7	-48.9	3,718.4	2,042.1	1,770.6	-45.1	-13.3
Group Yearly Renew	62.5	99.6	121.5	59.4	22.0	452.8	1,291.0	1,651.1	185.1	27.9
Grand Total	35,458.8	26,494.8	25,306.6	-25.3	-4.5	2,42,352.3	2,11,690.6	2,44,868.2	-12.7	15.7
Individual Single	3,900.0	3,322.5	3,669.4	-14.8	10.4	26,623.2	27,151.0	30,871.5	2.0	13.7
Individual non-single	7,913.6	7,658.3	8,153.0	-3.2	6.5	52,637.0	56,511.9	65,912.2	7.4	16.6
Group Single	22,334.9	14,735.5	10,806.9	-34.0	-26.7	1,53,059.1	1,18,825.4	1,36,909.6	-22.4	15.2
Group non-single	604.6	126.9	188.8	-79.0	48.8	3,818.9	2,128.2	1,960.9	-44.3	-7.9
Group Yearly Renew	705.6	651.6	2,488.5	-7.6	281.9	6,214.1	7,074.0	9,213.9	13.8	30.3

Source: IRDAI, Life Insurance Council

LIC's new business premiums in November 2024 reduced as group single premiums and individual non-single policies fell, while its private peers reported a rise in premiums, primarily due to individual non-single premiums. Another factor impacting the growth momentum is the difference in the distribution channel mix between LIC and private players. LIC derives over 90% of its business via the agency channel and only around 3% using the bancassurance channel. In contrast, private players derive around 25% from the agency channel and over 50% from the bancassurance channel. In November 2023, the aggregate decrease can be attributed to the higher momentum in March 2023, reduced single premiums (primarily from LIC), and the new tax regime becoming more attractive and now

the default for individual taxpayers. However, YTD FY25, LIC’s growth has been higher than that of private players, primarily due to group single premiums in prior months and low base effect.

Figure 7: Movement in Premium Type (Rs crore) of Life Insurance Companies

Premium Type	Nov -22	Nov -23	Nov -24	Nov 2023 Growth (%)	Nov 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Single	26,235.0	18,058.0	14,476.3	-31.2	-19.8	1,79,682.3	1,45,976.4	1,67,781.1	-18.8	14.9
Non-Single	9,223.8	8,436.9	10,830.2	-8.5	28.4	62,670.0	65,714.2	77,087.1	4.9	17.3

Source: IRDAI, Life Insurance Council

In November 2024, non-single premiums rose by 28.4%, compared to a fall of 8.5% in November 2023. Meanwhile, the pace of reduction in Single premium slowed at 19.8% (driven by LIC), compared to a fall of 31.2% in November 2023. For YTD FY25, single premiums experienced slower growth relative to non-single premiums. The private sector has a larger share in the non-single sub-segment (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 sizeable portion of the group business, while General annuity plans dominate individual single premiums.

Figure 8: Movement in Premium Type (Rs crore) of Life Insurance Companies

Premium Type	Nov-22	Nov -23	Nov -24	Nov 2023 Growth (%)	Nov 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Individual	11,813.6	10,980.8	11,822.4	-7.0	7.7	79,260.2	83,663.0	96,783.7	5.6	15.7
Group	23,645.2	15,514.0	13,484.1	-34.4	-13.1	1,63,092.1	1,28,027.7	1,48,084.5	-21.5	15.7

Source: IRDAI, Life Insurance Council

In November 2024, the pace of reduction in group premiums were slower at 13.1%, compared to 24.4% in November 2023. Meanwhile, individual premiums rose by 7.7% compared to a fall of 7.0% growth in November 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.

Figure 9: Movement in Sum Assured (Rs lakh crore) of Life Insurance Companies

Premium Type	Nov-22	Nov -23	Nov -24	Nov 2023 Growth (%)	Nov 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Individual	4.8	5.2	6.1	8.6	16.3	34.5	45.8	53.7	32.8	17.3
Group	0.7	0.9	1.1	22.5	26.9	6.6	10.6	12.9	60.3	21.5

Source: IRDAI, Life Insurance Council

Meanwhile, despite the volatile premium momentum, the Sum assured numbers picked up for November 2024 compared to the growth in November 2023. Private companies continue to account for a large share of the sum assured as they have a higher share in the individual segment, especially in the term policies.

That said, in November 2024, individual non-single policies dropped by 28.9%, as the fall in LIC was only partially offset by a marginal increase in private insurers. The significant decline in the number of policies sold can be attributed to the implementation of new surrender value norms starting in October. Private companies seem to have adapted to these norms. Meanwhile, insurers have focused on selling higher-value policies and ULIPs, which has helped mitigate the impact on premium income and the ticket sizes rose broadly in November 2024.

Figure 10: Movement in Individual Non-Single Policies (in Lakhs) of Life Insurance Companies

Individual Non-Single Policies	Nov -22	Nov -23	Nov -24	Nov 2023 Growth (%)	Nov 2024 Growth (%)	YTD FY23	YTD FY24	YTD FY25	YTD FY24 Growth (%)	YTD FY25 Growth (%)
Private	6.4	6.4	6.5	1.1	0.6	44.3	48.2	52.8	8.8	9.7
LIC	14.1	13.1	7.4	-6.5	-43.4	104.3	102.9	99.2	-1.3	-3.6
Total	20.4	19.6	13.9	-4.1	-28.9	148.6	151.1	152.0	1.7	0.6

Source: IRDAI, Life Insurance Council

CareEdge View

According to Saurabh Bhalerao, Associate Director, CareEdge, "Life insurance industry reported a higher sequential APE growth of 19.9% y-o-y in November 2024, compared to 10.6% in October 2024, following a strong H1FY25. This growth continues to be driven by private life insurers. The two-year (November 22 – November 24) CAGR was 1.8% for the industry, with private players at 18.0%, while LIC witnessed a fall of 22.8%. The muted growth can be attributed to ULIP sales, volatile equity markets, group single premiums, and changes in the policy structure on the sum assured and commissions due to the revised surrender value guidelines which are effective from October 01, 2024. The number of Individual Non-Single policies sold in November 2024 was 13.9 lakhs, a 28.9% drop

compared to the previous year, primarily due to revised surrender value norms and as LIC volumes dipped. Insurers have focused on selling higher-value policies and ULIPs, which has helped mitigate the impact on premium income and the ticket sizes rose broadly in November 2024.

According to Sanjay Agarwal, Senior Director, CareEdge Ratings, "Another factor impacting the growth momentum for November 2024 is the difference in the distribution channel mix between LIC and private players. LIC derives over 90% of its individual business via the agency channel and only around 3% using the bancassurance channel. Meanwhile, the share of the Agency channel for the private players was around 25% and the bancassurance channel had over 50% share of the individual business. 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, the updated product and commission structure due to the recently enacted new regulations regarding surrender values could lead to volatile premium movement in H2FY25. However, as these changes are expected to be favourable for customers, growth is likely to rise over the medium term. Further the proposed Insurance Amendment Act, 2024 around the composite license, 100% FDI in insurance companies and capital requirements have been designed to enhance market penetration by prompting new companies to enter the market. Consequently, CareEdge anticipates that the life insurance industry would grow at 11-13% over the next three to five years."

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

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