

## LIC's market share drops to 58.5% till September from 68.2% in a year

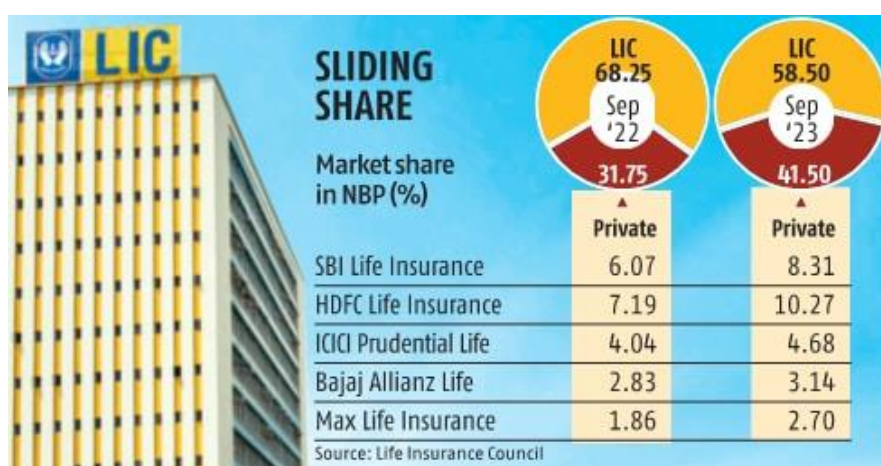
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The share of Life Insurance Corporation of India (LIC) in monthly new business premium (NBP) in the life insurance sector declined to 58.50 per cent in September 2023 from 68.25 per cent in September 2022 -- a drop of 975 basis points -- owing to shortcomings in the product and distribution side of business.

However, the market share saw a marginal uptick from the 57.37 per cent recorded in August this year. According to the monthly business data released for September 2023 by the Life Insurance Council, the NBP of LIC up to September 2023 stood at Rs 92,462.62 crore as compared to about Rs 1.25 trillion in the same period a year ago.

As a result, the life insurance industry's NBP declined almost 13 per cent during the first six months to about Rs 1.59 trillion. Lower sales of participating products and lack of competitive non-participating products, along with the changes made to product features and pricing, have led to the decline in the market share of LIC, said insurance analysts.

Meanwhile, the share of private life insurers saw a steady increase to 41.50 per cent in September 2023 from 31.75 per cent in September 2022. Among private life insurers, the market share of HDFC Life Insurance in NBP rose to 8.31 per cent from 6.07 per cent and that of SBI Life Insurance to 10.27 per cent from 7.19 per cent. ICICI Prudential Life Insurance, Bajaj Allianz Life Insurance, and Max Life Insurance saw a near less than 1 per cent increase in their market share from September 2022.



According to the Annual Report 2022-23, the state-owned life insurer had 16 participating products, 20 non-participating products, 11 group products, and eight riders. Of the new policies generated in this period, 94.39 per cent of the policies were participating products and 5.61 per cent of policies were non-participating products.

Meanwhile, on the distribution side, higher dependence on agent-led networks for selling policies, instead of bancassurance and other alternative methods, is impeding growth in premium.

Analysts expect growth in life insurance premium to be driven mainly by the country's large section of young population who depend more on digital services to choose their insurance policies. Persisting reliance on traditional methods will affect the premium. In addition, the higher commission structure of agents also affects the profit margins of LIC.

During 2022-23, more than 96 per cent of LIC's first-year premium was generated through agents and insurance advisors. On the other hand, the major private insurers -- SBI Life Insurance Company and HDFC Life Insurance Company -- generated only 18 per cent and 20 per cent, respectively, of their business through agents.

"Digital initiatives of private insurers to enhance customer service have provided them an edge over LIC. This includes the ease of taking on board customers and agents through digital solutions, real-time tracking of claims as well as virtual meetings with customers to resolve their queries," said Manogna Vangari, insurance analyst, GlobalData.