

New business premium of life insurance firms sees tepid growth

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Life insurers reported muted growth in new business premiums (NBP) in January after a tepid showing in December, owing to single-digit growth in private insurers' NBP and de-growth in initial public offering-bound Life Insurance Corporation (LIC) of India's NBP. The third wave of the pandemic, attributed to the Omicron variant, was at its peak in January and could have impacted life insurers' performance. Also, many insurers, particularly in the private space, increased their term plan premiums during this period, which could have had an impact on business. NBP is the premium acquired from new policies for a particular year. NBP of the overall industry in January reported a marginal 2.65 percent growth to Rs 21,957.04 crore over the same period a year ago. While private insurers' NBP in January grew 9.4 percent to Rs 9,020 crore, state-owned insurance behemoth LIC's NBP contracted 1.57 percent to Rs 12,936.29 crore, revealed the data released by the Life Insurance Council - an industry body for life insurers.

"The January numbers were muted with the industry growth rate dipping to 7 percent versus a yearly growth rate of close to 20 percent in terms of individual new business (regular) premium. This has been triggered by the Covid 3rd wave, which impacted a large population in January. We also observed a high recovery rate amongst those infected. Thus, we expect the industry to bounce back in the months of February and March", said Rushabh Gandhi, Deputy CEO, IndiaFirst Life Insurance. Among listed private players, SBI Life's NBP was up 4 percent, HDFC Life saw 9 percent growth, and ICICI Prudential Life's NBP grew 1.4 percent. Max Life, on the other hand, saw its NBP contract 17 percent in the same period. However, Bajaj Allianz Life's NBP was up 34.53 percent.

KEY NUMBERS

	Jan 2022	YoY change (%)	10MFY22	YoY change (%)
Private insurers	9,020.75	9.4	88,238	27.35
LIC	12,936.29	-1.57	138,951.30	-2.93
Industry	21,957.04	2.65	227,188.90	6.94

Source: Life Insurance Council

Commenting on the business growth, Tarun Chugh, MD & CEO, Bajaj Allianz Life, said, "It's been our sustained attempt to write business responsibly i.e. sell the right kind of products to the right customer after analysing their needs. Towards this we have invested across the board from products to training to tools and so on. This process also enabled us to write quality business". In December, private insurers' NBP rose 30 percent year-on-year (Y-o-Y) to Rs 13,032.33 crore, surpassing LIC's at Rs 11,434.13 crore. LIC's NBP dipped 20 percent, largely due to 35 percent fall in group single premium. While in the October-December quarter, NBP of life insurers jumped 10.45 percent to Rs 73,249.97 crore over the same period last year, mainly backed by robust growth of private insurers' NBP, in the second quarter, they netted NBP of Rs 75,392 crore, up 16 percent from the same period last year.

LIC's NBP was up 14 per cent to Rs 51,488 crore; private insurers' NBP was up 20 per cent to Rs 23,904.2 crore. The April-June quarter was marred by pandemic-induced lockdowns and NBP of life insurers had plummeted more than 18 percent. So far, in the current financial year (first 10 months), life insurance companies reported NBP of Rs 2.27 trillion, up 6.94 percent Y-o-Y from the year-ago period. Private insurers recorded 27.35 percent growth, but LIC's NBP is in the red. In the 10 months of 2021-22, LIC's NBP was Rs 1.39 trillion, down 2.93 percent. Ideally, the last quarter of any financial year (January-March) is perhaps the best period for life insurers in terms of business since people tend to buy greater pure-risk and savings products for tax-saving purposes. But experts have observed that tax saving as an incentive to buy insurance products has been on the wane after the pandemic with more and more people looking to buy protection products or lock in returns with guaranteed products, given the uncertainty. With the third wave receding, the life insurance industry may see a rise in business in the months to come.