

Life insurers' new business premiums up 3.7% in Jan after two slump months

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After witnessing a decline in new business premiums (NBP) for two consecutive months, January saw life insurers recording a 3.7 per cent rise in NBP to Rs 21,389.7 crore compared to Rs 20,623 crore in the year ago period.

This is despite state-owned insurance behemoth – Life Insurance Corporation (LIC) – reporting a 2 per cent decline in NBP in the same period to Rs 13,143.64 crore compared to Rs 13,470.91 crore in the year ago period. However, private insurers, 23 in total, saw 15.3 per cent rise in NBP to Rs 8,246 crore compared to Rs 7,152 crore in the same period of last financial year.

NBP is the premium acquired from new policies for a particular year.

In December, NBP of life insurance industry declined 2.7 per cent over previous year. After witnessing growth in NBP for four straight months starting from July, the collection had fallen in November. Experts had suggested the decline was on account of a high base and gradually collections will see normalisation.

Top private life insurers such as ICICI Prudential, SBI Life, HDFC Life, and Max Life saw double digit growth in NBP in January.

As far as LIC is concerned, it saw significant contraction in both individual single and non-single premium and while group single premium was in the green, non-single premium contracted substantially.

In the first ten month of the financial year (10MFY21), NBP of life insurers has seen a contraction of 1.17 per cent to Rs 2.12 trillion with LIC's NBP declining close to 5 per cent to 1.43 trillion. But, private insurers' NBP was up almost 8 per cent in the same period to Rs 69,288 crore.

The life insurance industry suffered body blow at the onset of the pandemic and it was evident in the NBP numbers it posted at the end of Q1FY21. Due to the strict lockdown in place, their NBP contracted 18.5 per cent. But it recovered quickly with the opening up of the economy and surge in demand for insurance products. Hence in Q2FY21, the industry reported a rise of 16 per cent in NBP. However, in Q3FY21, the industry was in the red, again.