

Life insurers see over 70% year-on-year growth in NBS in March

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The 24 life insurers in the country have largely seen impressive growth in new business premium (NBP) in March and ended the financial year on a high, defying expectations of many who were under the impression that the life sector may see a de-growth in FY21.

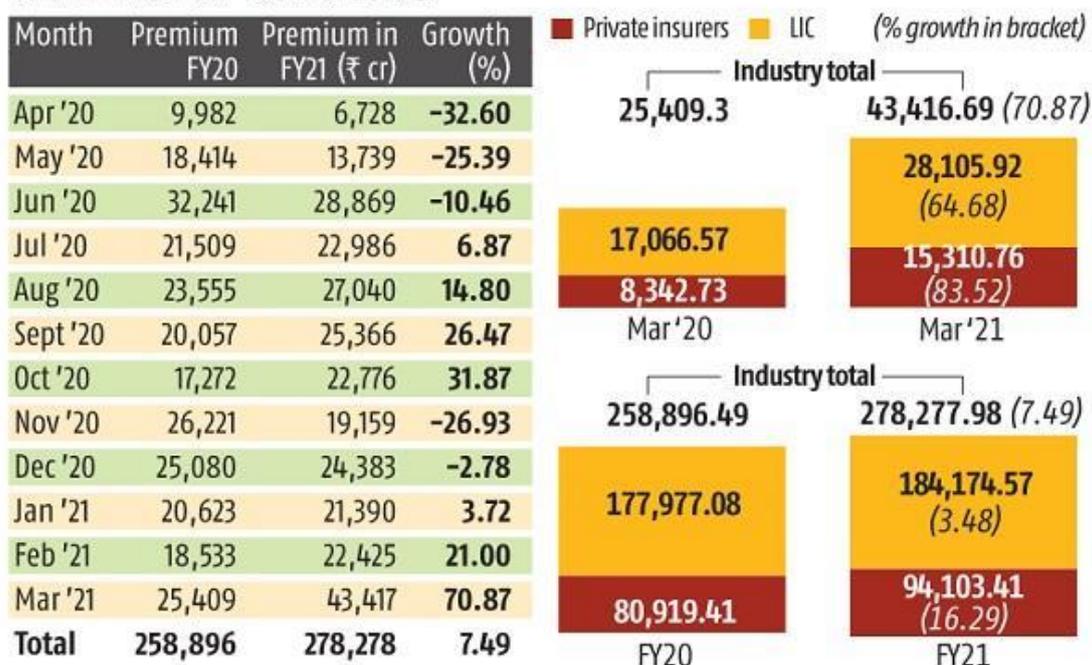
In March, the NBP of life insurers grew by 70 per cent to Rs 43,416.69 crore from Rs 25,409.30 crore a year ago. March is one of the most productive months for the life insurance sector as they source a lot of business from people who buy policies during this month to save up on income tax. The unusual rise in NBP in March, 2021, may also be attributed to the fact that last year in March the Covid19 pandemic had struck, resulting in a stringent lockdown. And, the life insurers had lost a fortnight of their most productive time.

Last year in March (2020), the NBP of life insurance companies had declined 32 per cent, owing to the disruption caused by the spread of coronavirus (Covid-19) and the subsequent lockdown enforced by the government to contain its spread.

In FY21, the NBP of life insurers rose 7.5 per cent to Rs 2.78 trillion compared to Rs 2.58 trillion in FY20. This is still lower than the growth the industry had seen in FY20. In the last fiscal year, life insurers saw NBP grow 20.6 per cent to Rs 2.58 trillion compared to Rs 2.14 trillion in FY19.

In March 2021, private insurers, 23, saw their NBP grow at 83.52 per cent to Rs 15,310.76. And, for the full year (FY21), the NBP of private insurers recorded a 16 per cent growth to Rs 94,103.41 crore. Similarly, state-owned insurance behemoth -- Life Insurance Corporation (LIC) -- in March recorded 65 per cent growth in NBP to Rs 28,105.92 crore while for the full year (FY21), LIC's NBP was 3.5 per cent to Rs 1.84 trillion.

BEATING EXPECTATIONS



Source: Life Insurance Council

The first few months of the pandemic saw life insurers NBP de-grow year-on-year (YoY). But, since July, the life insurance industry witnessed a pick up in NBP and started posting good growth till October.

However, in the next couple of months, the NBP of life insurers saw de-growth in NBP, again. But, come January, the NBP of life insurers started to rise again.

In the past year, the life insurance industry has undergone a major change, wherein the agency force that relied mostly on in-person interaction with customers moved to more digital ways of selling products and services. Suddenly, insurance became a nudge product from a push product as demand for term products saw a huge surge during the pandemic. Similarly, guaranteed products were also in huge demand as interest rates were falling rapidly to boost growth in the economy.

"Despite the manifold challenges present in the current scenario, the life industry ended FY21 on a positive note. The growth was driven by the private sector who grew at a much faster pace compared to the public sector. The single premium policies have driven growth in FY21. The pandemic has created a rise in the demand for protection plans, even as the market volatility continued to affect the demand for linked plans. The life insurance premiums have been all over the place, with monthly premiums increasing and retreating due to the lockdown and business disruption. In FY22, along with the increased awareness of insurance, a digital push for insurance and an increase in term plan premiums could drive the life premiums", said Care Ratings.