

Life insurers report 3% YoY growth in new business premiums in August

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After witnessing a double-digit contraction in new business premium (NBP) in July, life insurers are back in the green again, witnessing a marginal year-on-year (YoY) growth of 3 per cent in NBP in August, owing to a strong performance by the private insurers.

In July, life insurers reported an 11 per cent YoY drop in NBP while in June they managed to report a 7.53 per cent increase in NBP, following a dip in May due to the second wave of the pandemic.

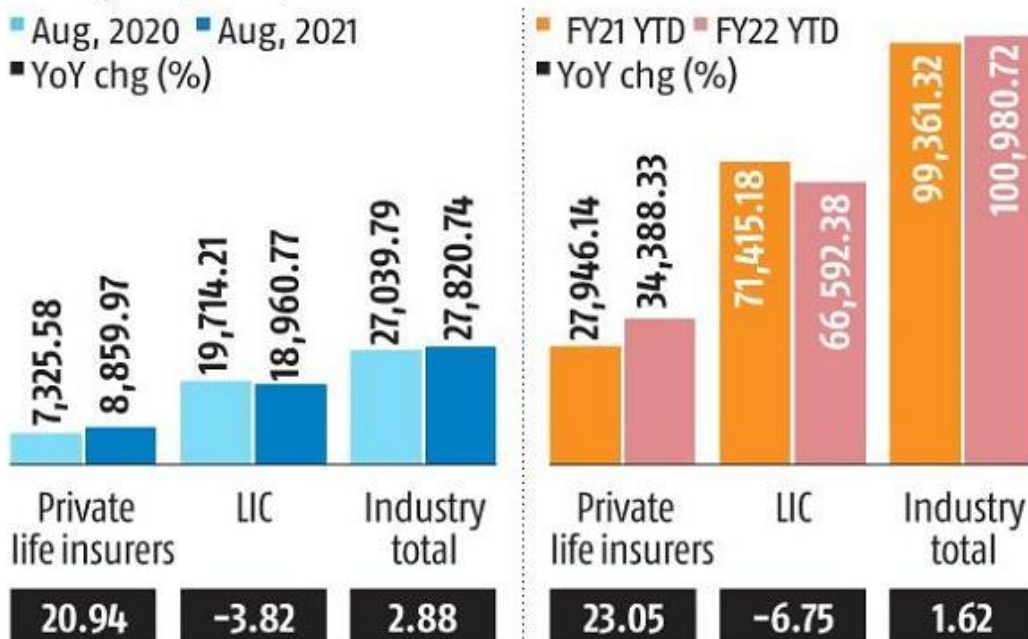
The life insurance industry reported NBP to the tune of Rs 27,820.74 crore in August, up 2.88 per cent YoY, despite a 3.8 per cent YoY contraction reported by state insurance behemoth -- Life Insurance Corporation (LIC) -- in NBP as private insurers posted 21 per cent YoY growth in NBP. NBP is the premium acquired from new policies in a particular year.

Private insurers, 23, earned Rs 8,859.97 crore in NBP in August 2021 compared to Rs 7,325.58 crore in August 2020, and Rs 6,440.65 crore in August 2019. On the other hand, LIC earned NBP to the tune of Rs 18,960.77 crore in August 2021 compared to Rs 19,714.21 crore in the same period last year and Rs 17,114.32 crore in August 2019.

Among top private insurers, apart from HDFC Life, which saw 6 per cent YoY decline in NBP in August, SBI Life, ICICI Prudential, and Max Life saw their NBP rise by 23.9 per cent, 43 per cent, and 16.5 per cent respectively.

PRIVATE INSURERS LEAD THE PACK

New business premium mop-up for life insurers in August (in ₹cr)



Source: Life Insurance Council

Compared to the pre-pandemic period (August 2019), NBP of the life insurance industry witnessed an 18 per cent increase, with LIC NBP growing by 10.8 per cent and private insurer's NBP posting a stellar growth of 37.56 per cent.

On a year-to-date (YTD) basis, the life insurance industry saw a marginal 1.63 per cent YoY growth in NBP to Rs 1 trillion . While LIC's NBP till August totaled Rs 66,592.38 crore, down 6.6 per cent YoY, private insurers saw their NBP rise 23 per cent YoY to Rs 34,388.33 crore.

In the first quarter of FY22, the premium collection of the life insurance industry was up almost 7 per cent to Rs 52,725.26 crore YoY, aided by a stellar 33.73 per cent growth registered by the private insurers. However, LIC's NBP in Q1FY22 declined 2.5 per cent YoY to Rs 35,600.68 crore.

According to Care Ratings, in Q1FY22, the growth in premiums albeit muted was driven by unit-linked products and protection plans. However, the life insurance sector witnessed significant claims in Q1FY22 due to the second wave of the pandemic, and profitability suffered as companies made provisions/ reserves to alleviate the impact of the claims.

Key risks such as a delay in the economic recovery and resurgence of covid cases i.e., a third wave could negatively impact premium growth, and rise in the premium rates of term plans, the report said.