

Life insurers see impressive 22 percent Y-o-Y growth in new business premium in Sept

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With the ill-effects of the second wave of the pandemic behind and urgency among consumers to buy insurance before the premium hike, life insurers showed impressive growth in new business premiums (NBP) in September over the same period last year. The NBP of life companies was up more than 22 percent year-on-year (Y-o-Y) in September to Rs 31,001 crore. While private insurers, 23 in total, saw their NBP go up more than 42 percent, state-owned insurance behemoth Life Insurance Corporation (LIC) saw a 12 percent rise. The top three private insurers--SBI Life, HDFC Life, and ICICI Prudential Life--recorded a NBP growth of 30.5 percent, 37.5 percent, and 20.8 percent in the same period. NBP is the premium acquired from new policies in a particular year. Rushabh Gandhi, Deputy CEO, Indiafirst Life Insurance said, "Life insurance industry's Y-o-Y growth has picked up admirably in the recent months. The economy has been faring well with the gradual receding of Covid-19. Increasing interest and awareness about insurance amongst people is also aiding growth. The growth can also be partially attributed to the base effect of H1 last year which was marred by the lockdown. Also, there is speculation around an increase in mortality premiums and this is causing customers to fast track their decision to buy". Experts have also pointed out that typically the quarter-ending month sees higher premiums because bancassurance partners of life companies push the sale of insurance products aggressively to shore up their fee income.

LIFE INSURANCE SECTOR NEW BUSINESS PREMIUM GROWTH (in ₹ cr)

	Private Insurers	LIC	Industry Total
September, 2021	12,480.96	18,520.21	31,001.17
YoY growth (%)	42.42	11.55	22.21
Q2FY22	29,744.72	49,511.91	79,256.63
YoY growth (%)	24.43	-3.84	5.12
QoQ growth (%)	73.60	39.07	37.3

Source: Life Insurance Council

In Q2FY22, the industry recorded a 5 percent YoY growth in NBP over the same period last year, with private insurers growing at 24 percent and LIC recording a 4 percent contraction in premium. However, on a sequential basis, the industry recorded 37 percent growth in NBP as private insurers grew by 73.6 percent and LIC grew by 39 percent. Growth in Q1FY22 was muted due to the second wave of the pandemic and also because the first quarter of any financial year is generally slow for the industry. To add to the misery, the sector witnessed significant claims because of the devastating second wave, and profitability suffered as companies shored up their reserves to alleviate the impact of the claims. But, the sector has seen green shoots since August with a focus on annuity, non-par, and ULIP products. And, Q2FY22 has ended somewhat better than Q1FY22. Given the increasing share of digital channels, the demographics, and market under penetration, continued easing of restrictions, and opening of the economy, the life insurance premiums are expected to witness improvement in FY22, said Care Ratings in a note. As far as H1FY22 is concerned, the life insurance industry has recorded 5.8 percent Y-o-Y growth in NBP to Rs 1.31 trillion, with LIC recording a 3.3 percent drop and private insurers growing by 28 percent.