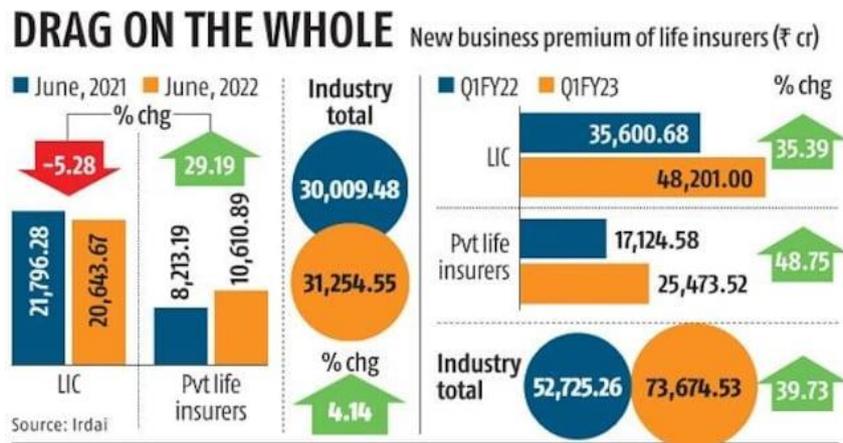


Life insurers' new business premiums grow 4.1% in June to Rs 31,254 Cr

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The life insurance industry has reported a meagre growth of 4.15 per cent in new business premiums in June, mainly due to the contraction in Life Insurance Corporation (LIC) premiums. However, in the April-June quarter (Q1FY23) life insurers saw their new business premiums (NBP) rise by 40 per cent over the same period a year ago, on account of lower base.

In June, life insurers netted Rs 31,254.55 crore as new business premiums (NBP) registered a growth of just 4.15 per cent over the same period last year. While private insurers registered 29 per cent growth in NBP to Rs 10,610.89 crore, LIC's NBP contracted by 5.29 per cent to Rs 20,643.67 crore, data by the insurance regulator showed. LIC's drop in NBP can be attributed to a 10 per cent drop in group single premium in June over the same period last year.



An email to LIC to know the reason behind the drop in premium did not elicit a response till the time of going to press. Shares of the corporation closed at Rs 698.15, down 0.7 per cent from the previous day.

Among other large insurers, while SBI Life reported a growth of almost 60 per cent in NBP in June, driven by substantial growth in group single premium and individual non-single premium, HDFC Life's NBP rose 11 per cent in the same period. ICICI Prudential Life, however, reported a 14.5 per cent drop in NBP during the same period.

Last year, the first two months — April and May — were marred by lockdowns due to the devastating second wave of Covid-19. But the situation improved June onwards as the economy started opening up. April and May this year saw life insurers recording impressive growth numbers owing to the low base of last year. In April, NBP of insurers increased by 84 per cent and in May it increased 88 per cent.

Despite a disappointing June for LIC, in Q1, its NBP rose 35 per cent to Rs 48,201 crore over the same period a year ago. But, private sector insurers outpaced LIC as their NBP increased by over 48 per cent in the same period, resulting in the industry's NBP growing at about 40 per cent.

Experts reckon, the premium growth of life insurers will remain healthy this year, given it's the first year without any restrictions. While it is expected that demand for term, annuity, and guaranteed products will remain healthy, unit-linked products may take a hit, given the volatility in equity markets. "For FY23, we expect private life insurers to grow in the mid to high teens, with LIC growing in high single digits," said Emkay Research in a report.