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New biz premiums of life insurers jump 37% in March

In FY22, life insurers post 13% growth in new biz premium, compared with 7.5% growth in FY21

SUBRATA PANDA
Mumbai, 18 April

Life insurers in March witnessed a big rise in new business premiums (NBP) -- at 37 per cent - owing to the strong performance of initial public offering-bound Life Insurance Corporation (LIC), whose NBP rose 51 per cent over the same month in the previous year.

Also, after reporting single-digit growth in FY21, the first full year of the pandemic, the industry is back to double-digit growth in FY22, with the NBP growing at 13 per cent.

In FY22, private sector insurers rang up a growth rate of 23 per cent in NBP to ₹1.15 trillion, while LIC saw its NBP rise over 8 per cent to ₹1.98 trillion, resulting in the industry's NBP growing to ₹3.14 trillion.

At the end of FY22, LIC's market share in terms of NBP stood at 63.5 per cent, a drop of 293 basis points since March 2021.

However, in FY22 growth was lower than what was seen in FY20, when the NBP of grew over 20 per cent. Growth was 7.49 per cent in FY21.

Typically, March is the best month for life insurance companies because the sale of tax-saving policies shoots up during this period. In the month, the industry's NBP jumped to ₹59,608.92 crore, the data put out by the Insurance Regulatory and Development Authority of India (Irdai) showed.

NBP means the premiums acquired from new policies for a particular year.

"The robust growth in monthly



NEW BUSINESS PREMIUM IN FEBRUARY

	Feb 2022	% change	11M*, FY22	% change
Private insurers	9,975.42	4.96	98,213.39	24.65
Life Insurance Corp	17,489.34	35.36	156,440.63	0.24
Industry total	27,465.13	22.47	254,654.02	8.43

*11M refers to the first 11 months of FY22

Source: Irdai

numbers can be attributed to an increase in single premiums for both individual and group segments in the final month of the financial year (with individuals undertaking tax planning measures), with LIC substantially outpacing its private peers for the second month in a row," said Care Edge in a report.

"LIC posted strong growth of 51 per cent YoY, mainly on account of 60 per cent YoY growth in group new business premium. Comparatively, the private sector witnessed a YoY growth of 13 per cent, which was balanced with both individual and group segments growing at 13 per

cent and 12 per cent, respectively," said Rushabh Gandhi, deputy CEO, IndiaFirst Life Insurance.

Among listed players, SBI Life's NBP was up 11 per cent while HDFC Life reported a 6 per cent increase. For ICICI Prudential Life it was a meagre 1.56 per cent appreciation, shows the data shared by Irdai.

For Max Life it was a 15 per cent rise in NBP in March while Bajaj Allianz Life Insurance saw a 29.5 per cent increase.

N S Kannan, managing director and chief executive officer, ICICI Prudential Life Insurance, said after the Q4 results of the insurer: "Despite

the disruption caused by the third wave of Covid-19, which impacted productivity in January and February, we were able to demonstrate resilience in our operations. In March, we posted the best ever monthly sales by the company in any year since inception. This helped grow our value of new business by 33 per cent year-on-year to ₹2,163 crore for FY22 with a robust VNB (value of new business) margin of 28 per cent."

When the pandemic came, growth rates plummeted because of supply-side issues, and just when they were stabilising, the second wave hit insurers hard because a large number of death claims ate into their profits. After the second wave, however, growth picked up, with the easing of supply-side issues.

Life insurers have paid around 225,000 Covid-related death claims, amounting to more than ₹17,000 crore.

The industry saw strong growth in the protection business during the year as awareness and risk perception among consumers grew owing to the pandemic. Guaranteed as well as annuity products also saw good growth during this period. While unit-linked products witnessed muted growth due to volatility in equity markets, they are expected to recover gradually.

LIC, which has traditionally sold more of par products, has indicated its intention of growing its non-par business, which is expected to augur well for the industry, given the huge reach it has.

Care Edge expects the life insurance industry to continue to grow at 12-14 per cent over three-five years.



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