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Hyderabad: Life insurance industry logs 7.5% rise in 1st year premium

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HYDERABAD: Despite Covid-19, the first-year premium (FYP) of life insurance players rose by 7.5% in 2020-21 at Rs 2.78 lakh crore as against Rs 2.58 lakh crore in the year-ago period, Insurance Regulatory and Development Authority of India (IRDAI) data revealed on Thursday. In FY20, FYP had increased by 21% at Rs 2.58 crore as compared to Rs 2.14 lakh crore in FY19. CARE Ratings, in its sectoral analysis, pointed out that despite the manifold challenges in the current scenario, the life industry ended FY21 on a positive note.

“The growth was driven by the private sector, which grew at a much faster pace compared to the public sector. The single premium policies have driven growth in FY21,” it said. It also pointed out that the pandemic has boosted the demand for protection plans, even as the market volatility

continued to affect the demand for market-linked plans.

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LIC, which accounted for nearly 66% share of the total FYP secured by insurers, reported 3.48% growth in FYP for financial year 2021. LIC's first-year premium increased to Rs 1.84 lakh crore in FY21 as against Rs 1.78 lakh crore in the year ago period. Whereas the 23 private insurers saw their first-year premium grow by nearly 16% at Rs 94,103 crore in FY21 as compared to Rs 80,919 crore. In March 2021 alone, first-year premium of insurers witnessed a growth of 71% at Rs 43,417 crore as compared to Rs 25,409 crore in March 2020.