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Covid: Life insurance sector sees 18.6% drop in first-year premium, says report

The overall sum assured also declined 12.9 per cent to Rs 8.8 lakh crore in the June 2020 quarter, compared with Rs 10 lakh crore (which was an increase of 17.6 per cent) in the corresponding period of the previous year.

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 Press Trust of India | Posted by: Harshit Sabarwal
New Delhi


The sector had seen their first-year premium declines of 32.6 per cent and 27.9 per cent in April 2020 and May 2020, respectively, the report said adding that the June 2020 quarter figures are indicative that the sector is moving towards recovery. (Bloomberg file photo. Representative image)

Hit hard by the coronavirus pandemic, the life insurance sector witnessed an 18.6 per cent drop in the first year premium to Rs 49,335 crore in the April-June quarter of the current financial year, according to a report by CARE Ratings.

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The sector had seen their first-year premium declines of 32.6 per cent and 27.9 per cent in April 2020 and May 2020, respectively, the report said adding that the June 2020 quarter figures are indicative that the sector is moving towards recovery.

“The life insurance sector continues to report a drop in their first-year premium collection as businesses have been severely impacted by the Covid-19 pandemic. The sector reported a



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Attributing the decline in business in the first quarter of the current fiscal to lockdown and business disruption, the report said, "Growth could potentially return in the second or third quarter of 2020-21. Distribution channels could see significant realignment, with digital rising at the cost of individual agents/ bancassurance." It added that the first-year premium for Life Insurance Corporation (LIC) saw a drop of 18.5 per cent in first quarter of 2020-21, against an increase of 81.2 per cent a year ago.

Private sector companies during the first quarter till May 2020 witnessed a fall of 19.2 per cent, compared with a growth of 32 per cent in the April-June period of 2019-20, the report said.

"LIC continues to maintain its dominant share in the first-year premium for Q1FY21 (LIC share of 74 per cent as against 26 per cent share of private companies); the share in sum assured has remained mostly flat in Q1FY21 when compared with Q1FY20," the report said.

The report further said that even as the industry reported negative growth for the first quarter of the financial year, five insurance companies (Aditya Birla Sun Life, Tata AIA Life, Canara HSBC OBC Life, Edelweiss Tokio Life, and Aviva Life) actually reported a growth in their first-year premium collection.

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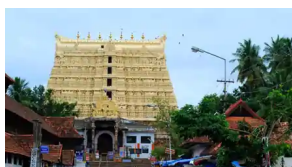
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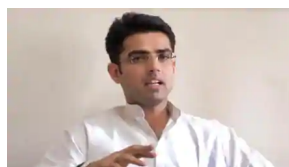
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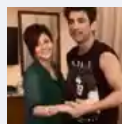


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