

Life insurers' new biz premium growth eases to 10% as LIC loses pace

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After witnessing strong growth in November, life insurers reported moderation in new business premium (NBP) growth in December. From a 30 per cent uptick in November, NBP growth last month slowed down to 10 per cent as state-owned Life Insurance Corporation's premium growth decelerated from a peak.

According to data released by Life Insurance Council, the NBP of life insurance companies came in at Rs 26,838.29 crore, up 10 per cent year-on-year (YoY). While private sector life insurance companies reported premia to the tune of Rs 14,979.79 crore, up 15 per cent YoY, LIC's premium rose 3.71 per cent to Rs 11,858.50 crore.

NBP is the premium acquired from new policies for a particular year. It is the sum of the first-year premium and single premium, reflecting total premium received from the new businesses.

LIC witnessed a moderation in premia because of a decline in group single premia. LIC is the largest player in the group single premium market. Private insurers posted healthy growth in premia, aided by a 16 per cent increase in individual single and non-single premia. Even group single premia saw strong growth of around 12 per cent.

Among large private players, in December, HDFC Life's NBP dropped 7.42 per cent, ICICI Prudential Life Insurance's premia grew 5.37 per cent, and Max Life Insurance's premia climbed around 2 per cent. SBI Life's premium grew around 30 per cent during the same period, aided by individual non-single premia and individual single premia.

In 2022-23, so far, life insurers have reported a 31.16 per cent YoY increase to Rs 2.69 trillion, with LIC's premium witnessing 39.67 per cent growth, and private insurers growing 17.64 per cent YoY.



Year-to-date FY23 growth can primarily be attributed to group single premia and a low base, Meanwhile, private players have been extending their lead in the individual non-single premium segment.

According to experts, growth in the sector will pick up because the last quarter of a financial year is generally busy for life insurers as customers look to buy savings and term products for tax-saving purposes. Further, reforms undertaken by the regulator are expected to provide a boost to insurers' premia.

"Growth would be driven by a supportive regulatory landscape (ease of doing business, Bima Sugan) and strong demand for annuity and protection plans, along with increased persistency levels. Other factors include an intense push to increase insurance coverage, especially in the rural populace, product innovations/customisation, and allowing corporate agents to take on additional companies", said CareEdge in a report.