

**LIC's knock-on effect: New business premium of insurers drops 12%**

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Contrary to expectations, the new business premium (NBP) of life insurance companies dropped 12.62 per cent year-on-year (YoY) in March 2023 due to an over 30 per cent drop in Life Insurance Corporation (LIC) of India's premiums, albeit on a high base.

Data released by the Life Insurance Council shows the industry racked up NBP of Rs 52,081 crore in March 2023, compared with Rs 59,608.83 crore in the year-ago period.

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

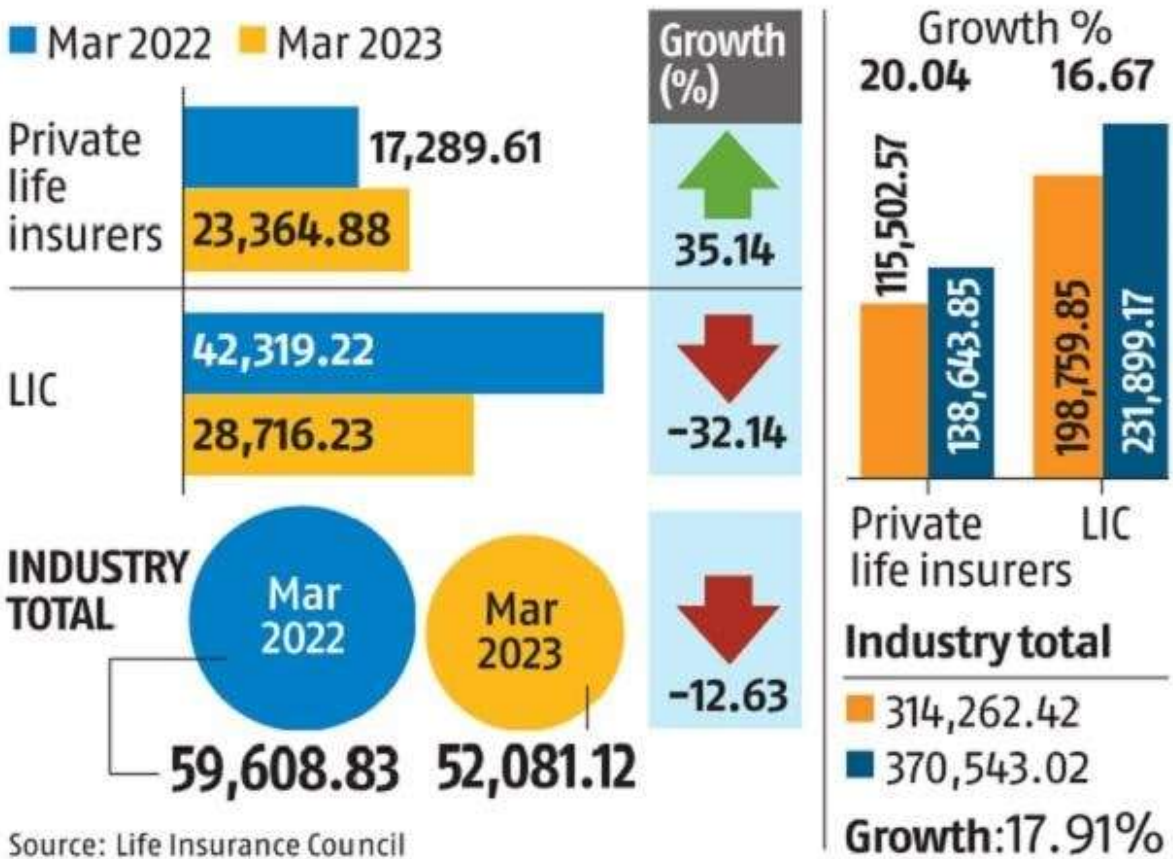
While private life insurance companies reported healthy growth of over 35 per cent in NBP during this period to Rs 23,364 crore, aided by a 57 per cent jump in individual non-single premiums and a 24 per cent uptick in group single premiums, state-owned LIC saw its premium dip 32 per cent to Rs 28,716 crore. In the year-ago period, LIC had earned premiums of Rs 42,319.22 crore.

For LIC, group single premiums and non-single premiums were the dampeners, dragging down its NBP. Data shows the insurance behemoth saw its group single premium contract 41 per cent over the same period last year and group non-single premiums drop 82 per cent during the same period. The corporation witnessed a similar drop in NBP in February when group single premiums dropped 40 per cent.

Generally, the last quarter (January-March) of a financial year is the busiest period for life insurance companies as customers look to buy savings and term products to reduce their tax liability.

# FY23 REPORT CARD (in ₹ cr)

## New business premium of life insurance sector



Source: Life Insurance Council

In January, the industry reported a 20 per cent jump in premiums, assisted by private sector companies' performance (23 per cent YoY growth), while LIC saw its premium go up 18 per cent YoY. February saw the NBP of insurers dropping 17 per cent over the same period last year due to a fall in LIC premiums, while the private sector saw its premium go up 10 per cent.

Industry insiders suggested that high-value policies (Rs 5 lakh and above premiums) showed pick-up after mid-March, which explains why private sector insurers posted robust growth in premiums that month.

"By March 15, one could see the tailwinds coming in because of this. I am sure when we see the final March numbers, the tailwinds will be visible," Mahesh Balasubramanian, managing director, Kotak Life Insurance, said in an interview with Business Standard.

Of the listed private players, HDFC Life witnessed a robust jump of 83 per cent in premiums in March. ICICI Prudential saw its NBP increase by 30.77 per cent. SBI Life's premiums were up 23.14 per cent. Max Life's premiums were up 42 per cent during the same period.

For the full year (2022-23), life insurers have reported a 17.91 per cent growth in NBP to Rs 3.7 trillion, with LIC premiums increasing 16.67 per cent to Rs 2.31 trillion, and private sector premiums growing 20.04 per cent to Rs 1.38 trillion.