

Winds of change: LIC loses out to private life insurers in first year premium growth

By: FE Bureau | Updated: March 15, 2019 7:15 AM

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Private players continued to grow faster at 22.31% compared to state-run Life Insurance Corporation of India (LIC) which posted a growth of only 1.39% during the period, showed data from the Insurance Regulatory and Development Authority of India (Irdai).

According to some market participants, the industry has been witnessing single-digit growth due to negative growth in segments such as individual single premiums and group non-single premiums. The Irdai data showed that private players saw first-year premiums at Rs 59,798.76 crore in the current financial year till February compared to Rs 48,891.40 crore for the same period last year. On the other hand, LIC saw first-year

premiums at `1.17 lakh crore between April and February as against Rs 1.15 lakh crore in the corresponding period last fiscal.

However, in February, the life insurers saw first-year premium collection growth of 32.67% at Rs 18,209.50 crore compared to Rs 13,724.96 crore a year ago. The life insurance industry posted a 16% growth in its annualised premium equivalent (APE) at Rs 7,009.6 crore in February compared to the same month a year ago. APE is the sum of annualised first year premiums on regular premium policies, and 10% of single premiums, written by insurance companies during any period from both retail and group policyholders.

“Individual APE growth for private sector life insurance companies picked up to 16% from 10% in January 2019 translating into YTD growth of 11%. HDFC Life was the only large player that reported a decline (individual APE down 6% yoy) while other large players were up 9-30%. Against this backdrop, improving share of the protection business augurs well for supporting VNB growth of key players and in that sense, makes APE growth less relevant,” Kotak Institutional Equities said in a report.

Players like Birla Sun Life Insurance, Bajaj Allianz, SBI Life and [Tata AIA](#) continued to see its APE growth in positive in the month of February. “Private sector players reported 16% y-o-y growth in individual APE in February 2019, higher than past few months. Growth rate had moderated in April-July 2018 but picked up in later months prior to recording some sluggishness in November 2018 and inching up again. On YTD basis, individual APE was up 11% yoy,” added the Kotak report.

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