

Individual new business premium in life insurance 'may grow 9% in FY26'

Our Bureau

Hyderabad

The individual new business premium (NBP) for the life insurance sector is likely to grow about 9 and 10 per cent in FY26 and FY27, respectively, according to rating agency ICRA.

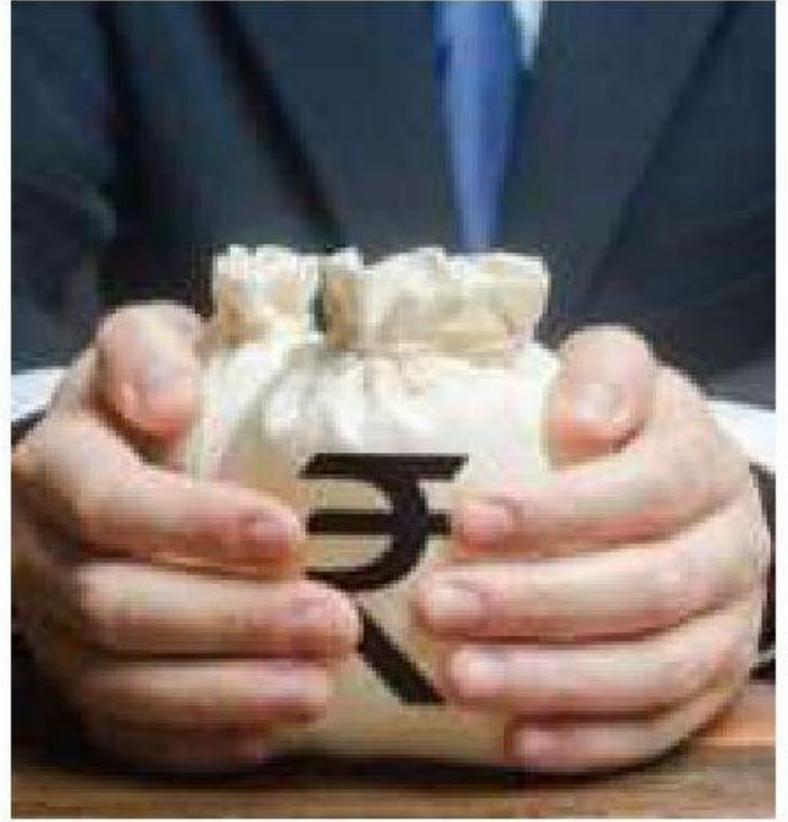
NBP is expected to grow to ₹1.8 lakh crore in FY26 and ₹2.0 lakh crore in FY27 from ₹1.66 lakh crore in FY25.

The value of new business (VNB) margins may face short-term pressure due to the loss of input tax credit, following the GST exemption, before improving over the medium term.

SUM ASSURED

In the light of anticipated strong growth and a continued rise in sum assured, solvency is projected to moderate, while continuing to exceed the regulatory minimum of 1.5x.

“The GST exemption on individual life insurance policies, which enhances customer affordability, is expected to boost individual NBP growth in the medium term. After a subdued H1, this NBP growth is projected to recover in H2 FY26, with an overall increase of about 9



per cent anticipated for FY26,” said Neha Parikh, Vice-President and Sector Head – Financial Sector Ratings, ICRA.

SUBDUED GROWTH

Private insurers are expected to expand their share of individual NBP to about 65 per cent by FY27, up from 63 per cent in FY25. The growth in individual NBP was subdued in H1FY26 at 3.1 per cent year-on-year (y-o-y), compared to 11.2 per cent y-o-y in FY25, due to a high base for H1FY25. On the other hand, Group NBP, which saw modest growth of around 1 per cent each in FY24 and FY25 due to LIC’s subdued performance, expanded by 10.3 per cent in 7M FY26, as LIC recorded strong growth.

The growth was further supported by group credit life and group term products from private insurers.