

# HOW INDIA BUYS INSURANCE

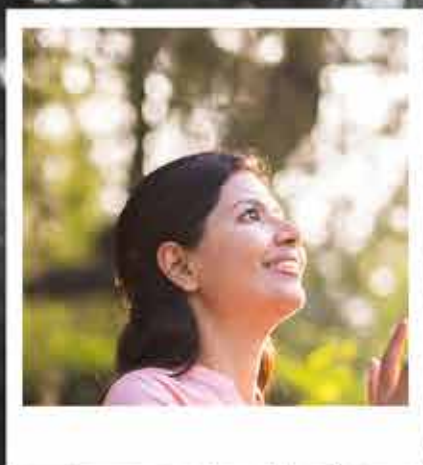
APRIL 2025

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A CONSUMER INSIGHTS REPORT BY

policybazaar<sup>®</sup>.com

**HAR FAMILY HOGI INSURED**





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SARBVIR SINGH  
CEO, Policybazaar.com

## From the **CEO'S DESK**

**श्रेयश्च प्रेयश्च मनुष्यमेतः  
तौ सम्परीत्य विविनक्ति धीरः।**

The path of wisdom and long-term good, and the path of immediate gratification both present themselves before a person; the wise carefully discern between the two.

Financial decisions, like life itself, are often a choice between the path of long-term good and that of immediate gratification. This ancient verse beautifully ties into the world of financial security and insurance, where short-term decisions often take precedence over long-term security.

The mindset shift from viewing insurance as an expense to recognising it as a necessity is still a work in progress. The How India Buys Insurance report series aims to further this effort by understanding barriers and triggers and turning those insights into action. This edition reaffirms a key truth: insurance isn't bought, it's nudged. And no nudge is greater than the reassurance of seamless claims. When people see others benefit, trust deepens. The more comfort we provide through dedicated assistance and transparent claim processes, the stronger this trust becomes.

Even as the focus on wealth creation among Indians gains momentum, there is significant lack of awareness about the need and process to protect such wealth for more desirable goals than health and life emergencies. Health coverage, for instance, is recognised as a must-have, yet a significant proportion of buyers as well as non-buyers vastly underestimate the cost of medical treatment and are far removed from the ground reality.

In case of term insurance, the awareness and product understanding remains alarmingly low. As a consequence, families find

themselves making impulsive financial decisions in times of crisis, which have an irreversible, lifelong impact.

To think that all of this risk can be defrayed with one simple life decision is both reassuring and yet, perplexing.

However, the findings also reveal silver linings. While friends and family remain the most trusted advisors, comparison tools and online research are gaining significant traction for the transparency and objectivity that they offer. This shows consumer trust expanding beyond the boundaries of immediate circles. More importantly, it also translates into a higher probability of improving the reach and insurance penetration.

But beyond the findings, we as an industry need to look closely at what the consumer is trying to tell us - the urgent need to drive awareness, to confront the gross underestimation of looming financial risks, and to educate the masses to not wait until they are pushed to the brink.

As we move forward, the goal is clear: protection should not be a privilege, nor a last-minute decision, it should rather come as second nature. This is what we hope to achieve through this report and all our initiatives. We hope it helps spark meaningful discussions, drive actionable solutions and make the vision of 'Insurance for All' a reality.

# KEY TAKEAWAYS

## **1. AWARENESS GAP SEVERELY UNDERMINES HEALTH AND TERM INSURANCE IN INDIA**

Awareness remains a key deterrent to insurance adoption in India, which is particularly visible in the term insurance category. While the insights depict a higher awareness level for health insurance, there's still a significant gap between intent and purchase. Embedding insurance literacy in school curriculum, employer-led wellness programs and interactive digital content can empower consumers to make informed decisions from an early stage. Informed and empowered consumers will make better financial decisions, creating a greater security and value for themselves.

## **2. INDIANS GROSSLY UNDERESTIMATE FINANCIAL NEEDS IN EMERGENCIES**

Most Indians hugely miscalculate medical expenses and financial needs of the families in their absence, often overlooking their long-term impact. The absence of structured financial planning further leads to the risk of debt and misallocation of funds meant for life goals. This calls for a shift in the role of insurance advisors and to put greater focus on the overall financial well-being of the customer. Consumers must be educated with real-life scenarios, personalised financial assessments and AI-driven digital tools that help them plan more realistically for emergencies.

## **3. CLAIMS MAKE INSURANCE GO ROUND: A SMOOTH EXPERIENCE DRIVES ADOPTION**

As the insights reveal, seamless claims support is now a major driver of customer loyalty, and witnessing smooth claims processing influences purchase decisions. The industry must invest in dedicated on-ground claims support where the consumer doesn't get tangled in paperwork. Also, positive claims experience can massively help with insurance adoption.

The data indicates that consumers are more likely to buy insurance after witnessing their peers benefit. There's a need for simpler products and processes, where due diligence happens at the time of issuance, not at the time of claims.

## **4. DIGITAL CHANNELS CATCH UP WITH WORD OF MOUTH IN INFLUENCING PURCHASE DECISIONS**

While personal recommendations from friends and family remain the most preferred source of information, digital platforms are also gaining significant traction and consumer trust.

Respondents are utilising the modern-age channels along with traditional means, which will help maximise the reach and make the insurance ecosystem much more transparent and seamless in terms of acquiring and verifying information.



# PREFACE

3,955 respondents across 27 metro, tier 2 and tier 3 cities in India.

## OBJECTIVE OF THE STUDY

- Understand the Insurance Landscape in India with a focus on Health and Term Insurance.
- Comprehensive sub-category level understanding of the Health and Term insurance users.
- Understand their outlook towards financial management and how it links with outlook towards insurance products

## METHODOLOGY

- Qualitative Discussions
- Quantitative face-to-face interviews with a structured questionnaire
- 2 Modules: Listing and Main Interviews
- Field work period: July - Sept 2024

## TARGET GROUP

- Key decision makers / play significant role in choice of insurance product for themselves
- Listing
  - Age: 23 - 65 years
  - Male | Female
  - NCCS AB
- Purchased health / term insurance in 2022 or later
- Mix of buyers (current users) and non-buyers (considered purchasing at some point but did not purchase) of health insurance and term Insurance



# COVERAGE

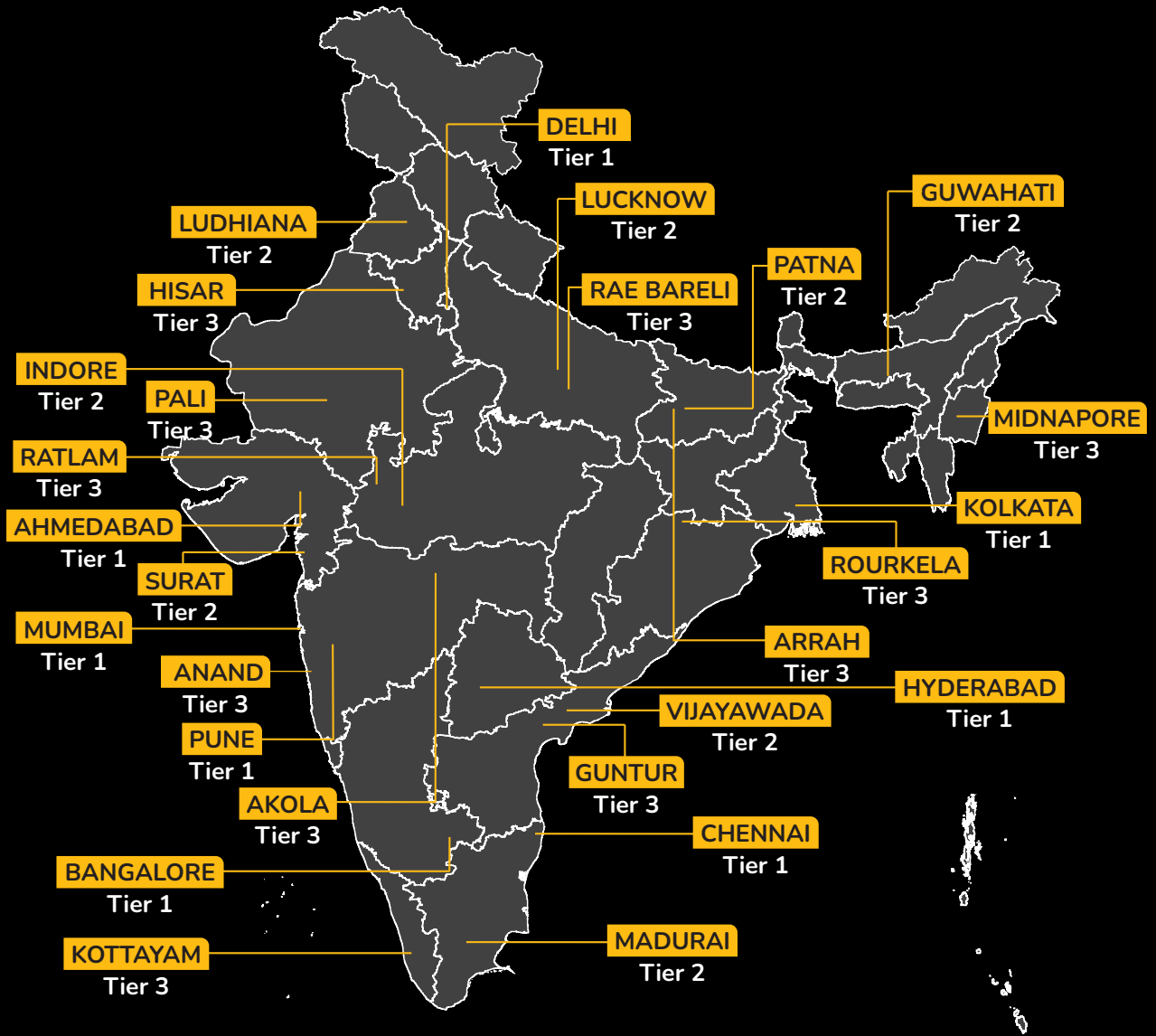
Pan India (Mix of Metro, Tier 1 & Tier 2 Cities)

Sample size:

Listing - 3955

Main Health Insurance - 1065

Term Insurance - 948

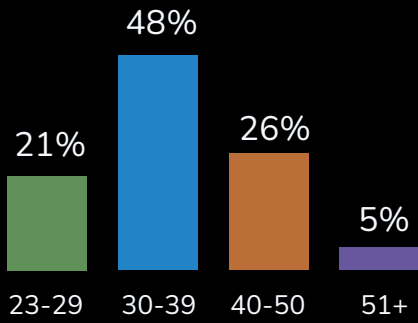


# HEALTH INSURANCE

## RESPONDENT PROFILE

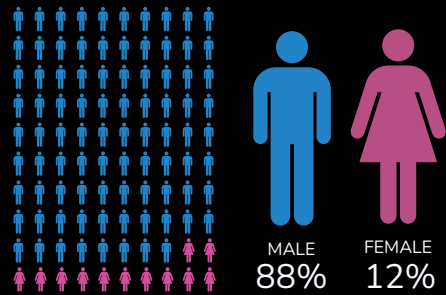
Relevant Reporting Base

### Age

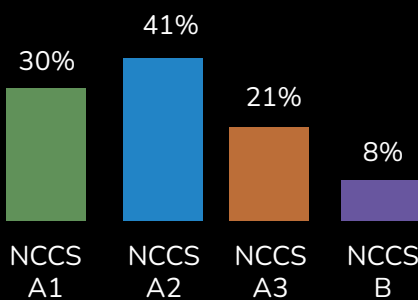


MEAN AGE - 36.5 YEARS

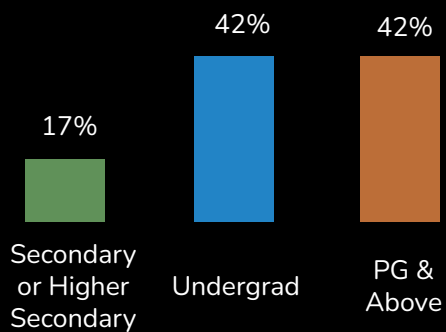
### Gender



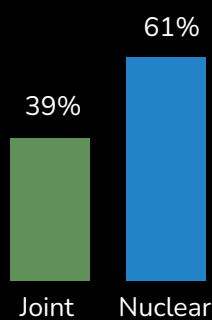
### NCCS



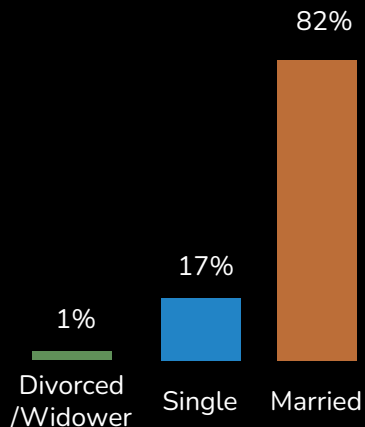
### Education



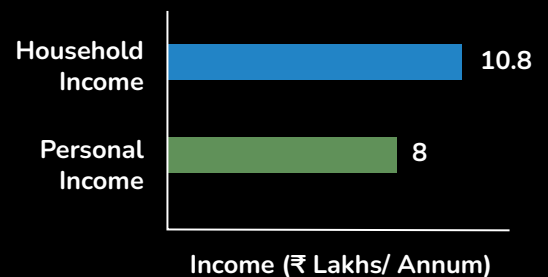
### Living Status / Family Detail



### Marital Status



### Income Contribution Breakdown

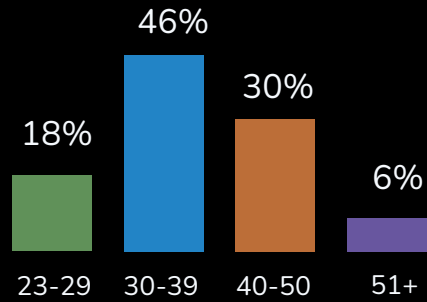


# TERM INSURANCE

## RESPONDENT PROFILE

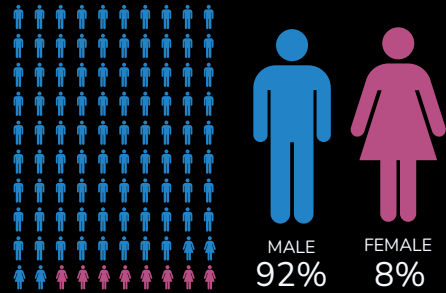
Relevant Reporting Base

### Age

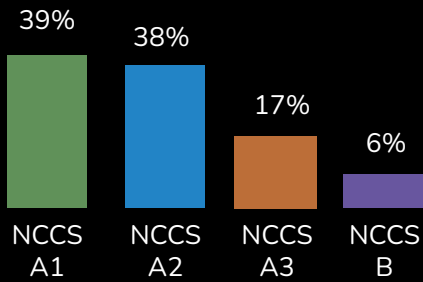


MEAN AGE - 37.1 YEARS

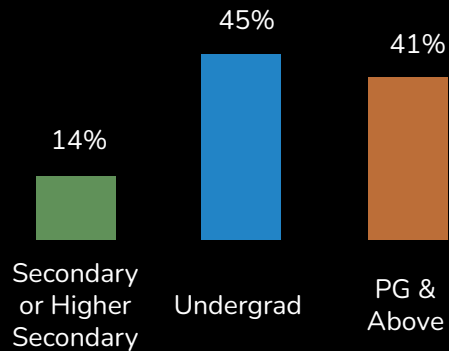
### Gender



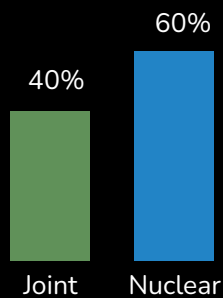
### NCCS



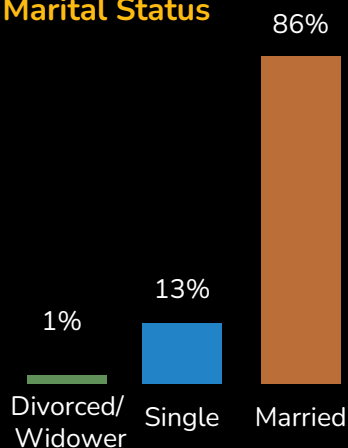
### Education



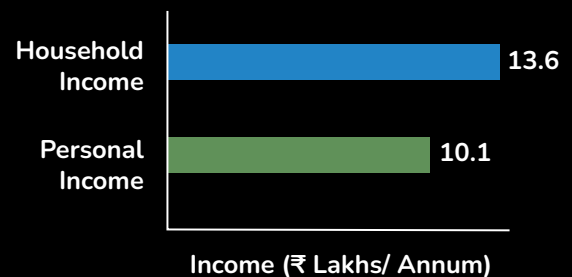
### Living Status / Family Detail

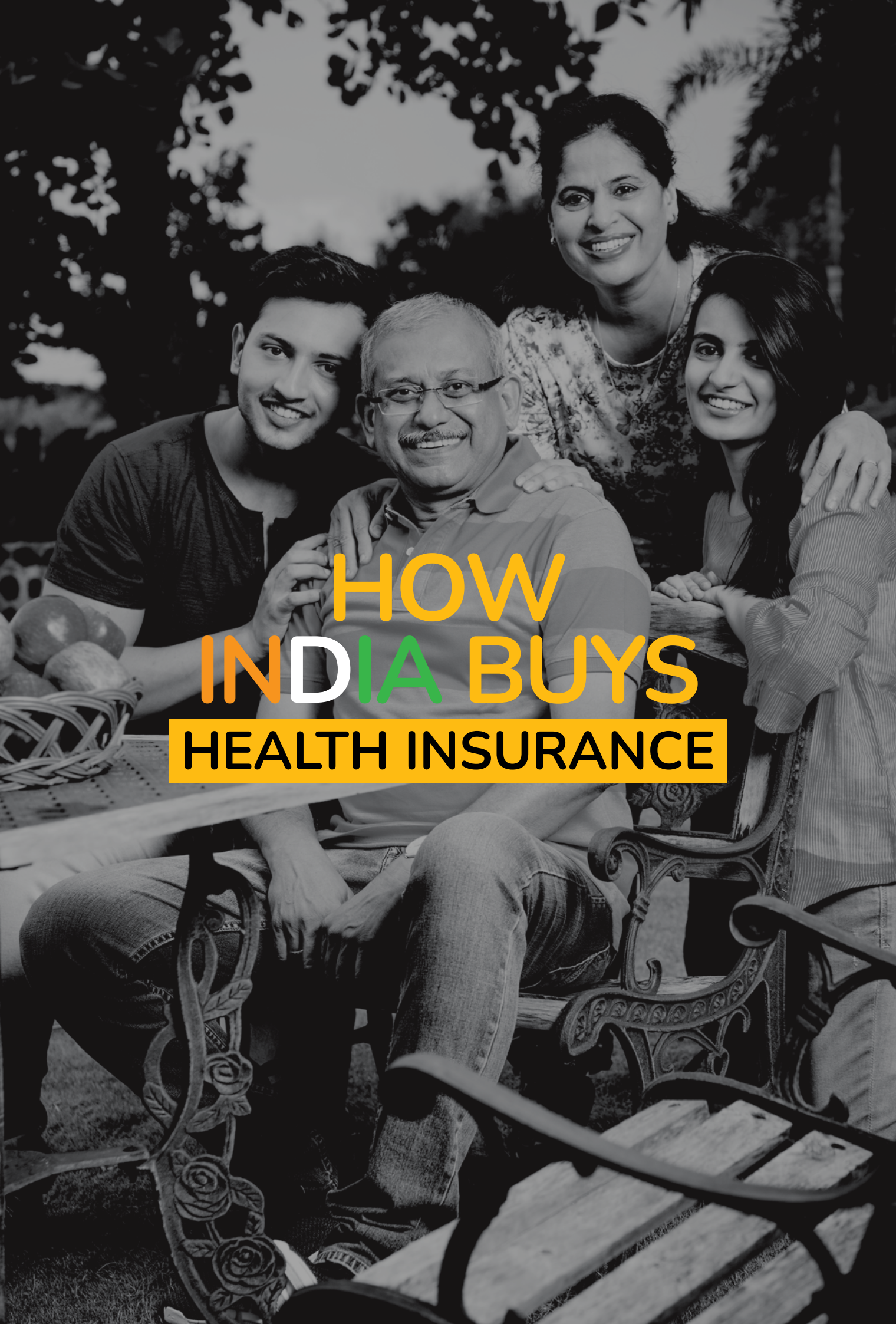


### Marital Status



### Income Contribution Breakdown





**HOW  
INDIA BUYS  
HEALTH INSURANCE**

# 1. HEALTH INSURANCE MOVES UP THE PRIORITY LADDER OF FINANCIAL PRODUCTS.

## A. Health Insurance among one of the top 3 'must-have' financial products for 28% respondents

All that glitters is indeed gold. The survey findings reiterate that Indians still follow a time-tested playbook when it comes to financial security, which means gold, FDs and property investment are their go-to choices.

But the figures also indicate that health insurance has joined the ranks of these legacy choices by securing a spot among the top-three 'must-have' financial products.

As many as 28.3% of respondents have ranked health insurance ahead of equities, mutual funds and even government bonds.

While traditional insurance products still rule hand over fist as Indians' top choices for financial management, health insurance inches closer to them. In fact, it ranks second only to insurance linked savings schemes (predominantly LIC), a brand that has been a household name in India for decades.

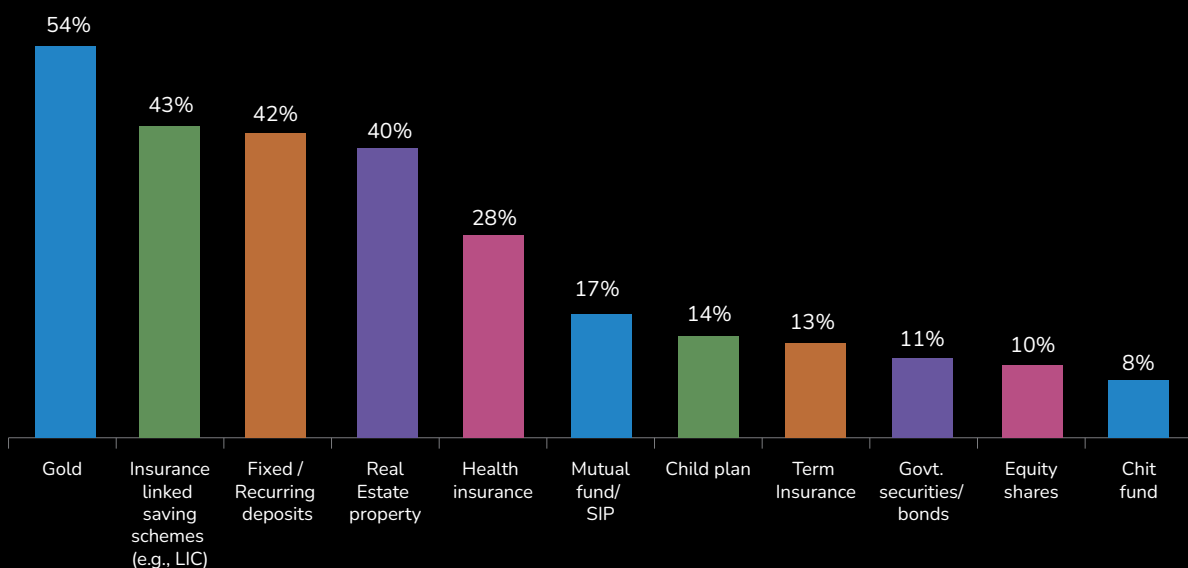
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*“My father had invested his savings in gold and real estate, but when he got sick suddenly, we did not have any funds to cover the medical cost. Given the rising costs, I think some form of health insurance is necessary, so I plan to buy soon.”*

”

Male 35 yrs, Delhi

## 'Must Have' Financial Products\* - Consumer Preference



Base: All Respondents - Listing (n=3,955)

Note: \*Selected as one of the top 3 financial products

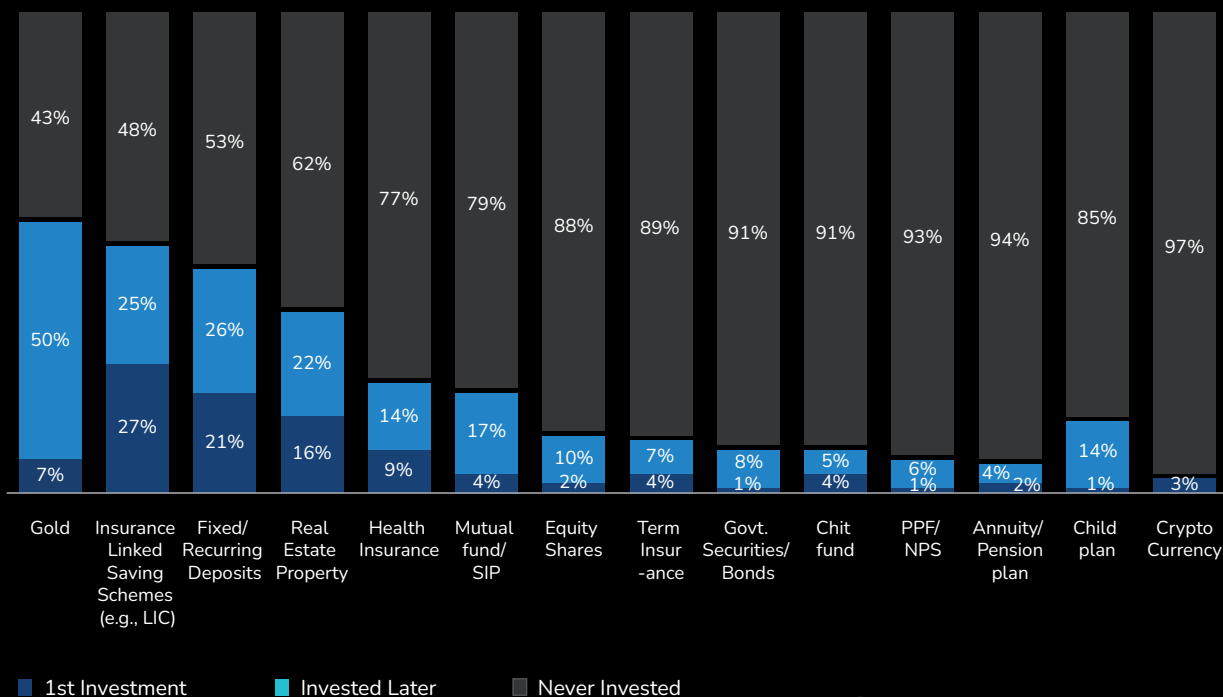
Qs. Which of these financial products do you think are most important and one 'must' have? Rank top 3 products.

## B. Changing consumer outlook breathes new life into health insurance

While the lion's share (27%) still opt for insurance linked saving products like LIC as their first financial product, the survey indicates a growing awareness of medical risks and their subsequent financial impact. As observed,

legacy products like gold, FD and real estate retain their top preferred positions here as well. For 9% of respondents, health insurance was their first-ever financial purchase.

### Order of Investment in Financial Products



Base: All Respondents - Listing (n=3,955)

Qs. Which of these financial products was your first ever investment? And which product was the next investment in? And which was the next?



## C. Health insurance leads among general insurance products.

Nearly 50% of respondents showed a positive disposition toward health insurance, which is the highest among all general insurance products.

The awareness levels are high with 83% respondents being aware but only 19% actually owning a policy, which highlights a significant gap between intent and ownership.

Notably, nearly all who owned a policy intend to retain their policy, and 33.6% of all respondents do not currently own but express an intent to purchase in the future. In this regard, traditional life insurance remains the only product in the insurance category with a higher positive disposition.

While the rising inclination towards health insurance is apparent, as many as 30% of the respondents neither own health insurance nor intend to buy it in the future.

This highlights the ongoing challenge of converting intent into ownership and points towards the vast addressable market when it comes to health insurance coverage.

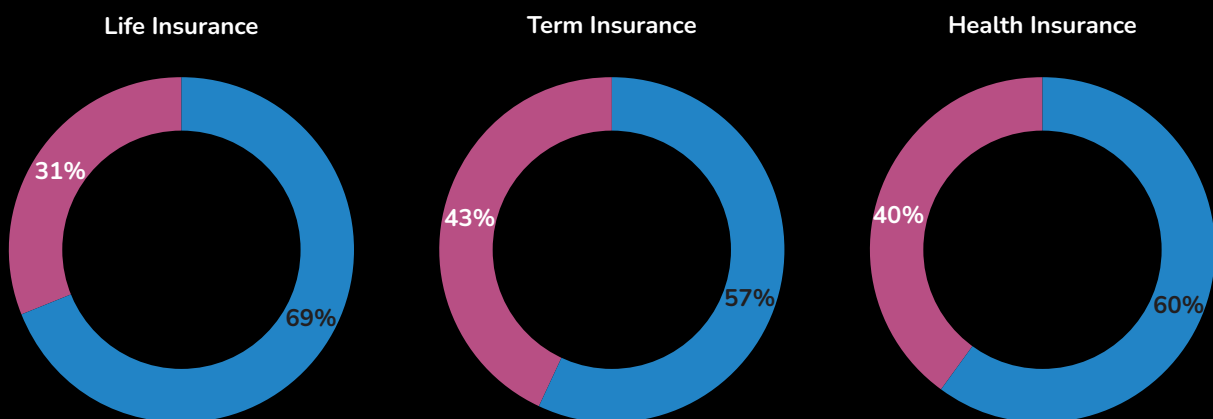
“

*Currently my savings are being used to build a house. Once that is over and I have some funds available, I will plan to invest in Health Insurance.*

”

*Male 34 yrs, Cochin*

## Disposition towards Insurance Products



- Positive Disposition: Currently own & will continue or currently do not own but intend to own in future
- Negative Disposition: Currently own & will not continue + currently do not own and do not intend to own in future

Base: All aware of the respective products – Listing; Life Insurance: 3,470; Term Insurance: 2,071; Health Insurance: 3,273  
Qs. Which of the following best describes your disposition towards <<Life Insurance/ Term Insurance/ Health Insurance >>?

## 2. BLINDSIDED BY BILLS: BOTH BUYERS AND NON-BUYERS SEVERELY UNDERESTIMATE THE MEDICAL COSTS

### A. 48% buyers own less than Rs 5 lakh cover, tier 2 & 3 cities most underinsured.

The findings indicate a severe underestimation as well as underinsurance problem across India, with a staggering 48% of policyholders settling for ₹5 lakh or less in coverage. South India fares the worst here at 66%. While tier-1 cities still lean the most towards ₹5-10 lakhs policies, in tier 2 and tier 3 cities, an alarming ~60% own a coverage of ₹5 lakh or less.

This lack of coverage per person is concerning, especially given the rising costs of medical treatments. For instance, cancer treatments can cost upwards of ₹10 lakh, depending on the severity and type of cancer. Similarly, heart surgeries, such as open-heart procedures, can range anywhere from ₹10-20 lakh in tier-1 cities.

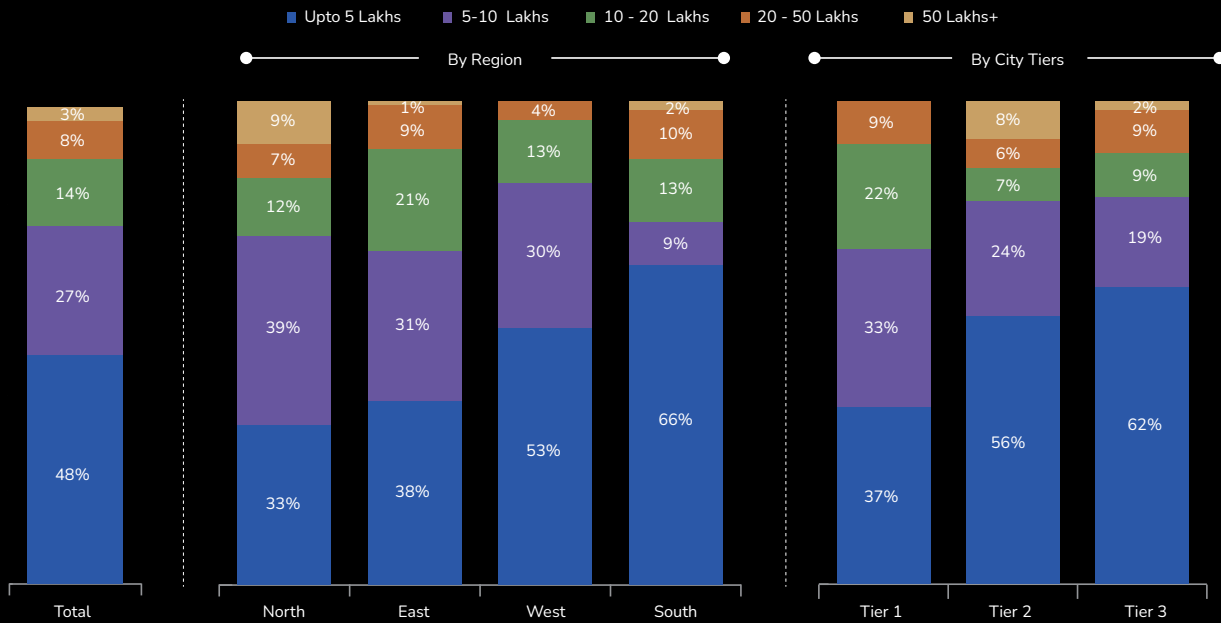
Diseases	Cost (in INR)
Cancer	Surgery: INR 5,00,000 Chemotherapy: INR 6,00,000 (Assumption 6 cycles needed) Radiation Therapy: INR 1,50,000 (Assumption 30 sessions)
Heart Ailments	INR 10 – 20 lakhs
Kidney Diseases	Kidney Transplant: INR 6,50,000 Dialysis + Supplements: INR 23,000 per month
Liver Cirrhosis	Liver Transplant: INR 10 – 20 Lakhs Supplements: INR 9000 per month
Dengue	INR 25,000 - INR 5,00,000
Malaria	INR 10,000 - INR 3,00,000
IVF Treatment	INR 1,00,000 - INR 3,00,000 per cycle
Hernia	INR 50,00,000 - INR 2,50,000
Gallstones Surgery	INR 45,000 - INR 2,50,000

Often, patients from tier-2 & 3 cities also tend to travel to tier-1 cities in search of better medical care. This not only means additional travel and stay costs of the patient as well as caretakers but also a 20% co-pay that applies for treatment in a higher tier city than the one from which they got the policy issued. Adding up the overhead costs here actually depreciates the true value of the coverage. Not to mention, a critical illness also results in loss of income.

This means a double whammy where one is exposed to heavy medical expenses as well as reduced income, and therefore, a sum insured of ₹5 lakh or less is simply not enough.

# Consumer Estimation of Critical Illness Treatment Cost

Health Cover Taken by Buyers



Base: HI Buyers – Main Survey; Total: 472; North: 136, East: 86, West: 118, South: 132; Tier 1: 214, Tier 2: 164, Tier 3: 94  
 Qs. What was the Sum insured for the last policy that you bought?

## B. Over 50% expect critical illness treatment to cost under ₹5 lakh.

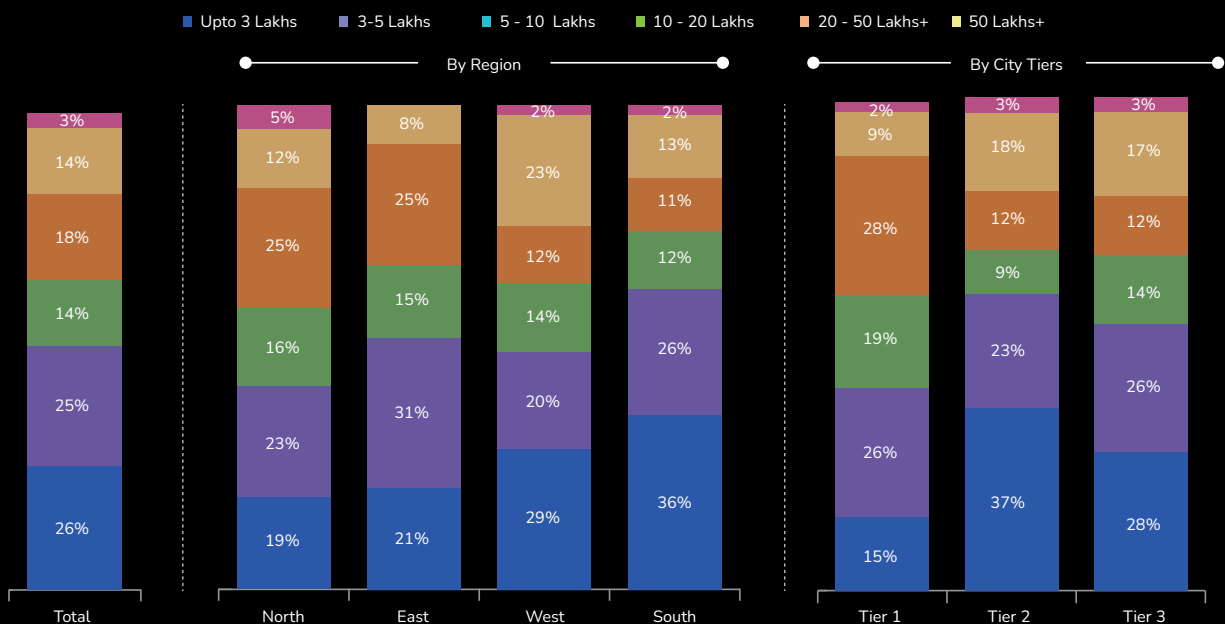
Health insurance non-buyers echo a similar sentiment with ~51% of them estimating the cost of treatment of a critical illness like cancer, kidney transplant or cardiac arrest to be less than ₹5 lakhs.

Yet again, this unpreparedness is most visible in the South, with over 62% non-buyers underestimating the cost. Much like buyers, the majority of non-buyers who underestimate costs are also from tier-2 and tier-3 cities (60% and 54%, respectively), compared to 41% in tier-1.

**Fact check:** India's cancer cases have risen alarmingly, from 1.46 million in 2022 to an estimated 1.53 million in 2024. With treatment costs for cancer alone ranging anywhere between ₹20-50 lakhs, the writing is on the wall. Widespread low coverage and cost misinterpretation translates into a vast segment of ill-equipped consumers for any future uncertainty.



## Non-Buyers' Estimation of Critical Illness Treatment Costs



Base: HI Non-buyers – Main Survey; Total: 594; North: 154, East: 147, West: 151, South: 142; Tier 1: 239, Tier 2: 218, Tier 3: 137  
 Qs. How much do you think a medical treatment for a critical illness (e.g., cancer, kidney transplant, lung transplant, cardiac arrest) would cost you today?

### 3. | BEG, BORROW OR SELL: NON-BUYERS WALK THE FINANCIAL TIGHTROPE

#### A. Health emergencies can push unprepared non-buyers into debt.

For most uninsured individuals, a health crisis can prove to be a financial upheaval. Should the need arise, as many as **79%** would have to either resort to borrowing funds or selling their ancestral property and gold to cover medical costs.

Overall, only **21%** non-buyers felt that they have investments and emergency funds to overcome the financial strain of a health emergency. This included dipping into long-term savings meant for other important life goals.

“

*In case something happens, we will use the emergency funds that we have saved up. If that is not adequate, we will sell Gold or property to whomever we see fit at the time. First, we will try to manage. If that is not adequate, we will arrange it within the family.*

”

Male 34 yrs, Cochin

#### Non-Buyers' Fallback Plan for Critical Illness Expenditure

Plan for critical illness	Total	North	East	West	South	Tier 1	Tier 2	Tier 3
Only Investment - Savings / FD/ MF/Shares, etc.	21%	29%	11%	21%	23%	18%	27%	16%
Only Borrowing - Friends / Family / Personal loan, etc.	16%	10%	22%	12%	20%	18%	14%	15%
Only ancestral property / Gold	6%	11%	3%	5%	4%	5%	5%	9%
Investment + Borrowing	14%	9%	17%	17%	13%	19%	12%	9%
Investment+ Ancestral property / Gold	6%	3%	3%	13%	6%	9%	4%	5%
Borrowing + Ancestral property / Gold	9%	10%	12%	9%	6%	8%	9%	12%
All 3	8%	7%	6%	14%	5%	9%	6%	10%
I haven't planned anything yet	19%	20%	25%	9%	23%	12%	23%	25%

Sig. higher at 95% CI    Sig. lower at 95% CI

Base: HI Non-buyers – Main Survey; Total: 594; North: 154, East: 147, West: 151, South: 142; Tier 1: 239, Tier 2: 218, Tier 3: 137

Qs. In case of a medical treatment for a critical illness (e.g., cancer, kidney transplant, lung transplant, cardiac arrest, etc.), how do you plan to meet the medical expenses?



**B. Out on a limb: 19% have no plan or fallback option to deal with emergencies.**

It is alarming to note that 19% of people responded that they don't have any financial plan to lean on in the face of an emergency. Without a safety net, a crisis like unexpected medical bills or critical illness can quickly spiral out of control, leading families into financial setback.

“

*As of now, I don't think of illness occurring to me as most of my family members have not had a history of it. If something occurs in the future also, we will use the savings or rely on family member's support to cover for it.*

”

*Male, 27 yrs, Cochin*



# 4. NEXT ONLY TO ESSENTIALS, MEDICAL EXPENSES CLAIM THE SECOND-LARGEST CHUNK OF THE HOUSEHOLD INCOME

A. Healthcare costs weigh heavily on household budgets forming 12.2% of the income

## Household Income: Expenses and Savings Breakup



Expenses	■ Necessary Expenses (groceries, school fees, etc.)
	■ Medical Expenses
	■ Leisure Expenses (shopping, travel, etc.)

EMIs	■ Loan Repayment (home, car, etc.)
------	------------------------------------

Investments	■ Market Linked investments (Shares, ULIPs, etc.)
	■ Safe Fixed return investments (FDs, RDs, etc.)
	■ Future Oriented investments (Pension plans, child plans, etc.)

Insurance	■ Life/ Term/ Health Insurance
	■ Mandatory Insurance (car, bike)

■ Other Investments (Gold, Chit fund, etc.)
■ Cash/ Bank Savings

Base: All Respondents – Listing (n=3,955)  
 Qs. Considering your monthly income as 100 for your household, what would be the breakup of the same under the following heads?

Medical expenses are eating away 12.2% of household incomes on an average, which is second only to essentials like groceries, commuting and school fees.

While medical bills loom large, debt isn't far behind with loan liability constituting 4.2% of the income. The incidence of loan liability is significantly higher in the South with 62.6% of the respondents carrying some form of loan and 43.1% having personal loans.

The strain appears the sharpest in tier-2 cities, where borrowing levels surpass those in tier-1 & 3 cities.

Considering the rise in medical expenses as well as in healthcare issues, managing household income without health insurance is a fine balancing act where Indians are one unexpected expense away from financial freefall.

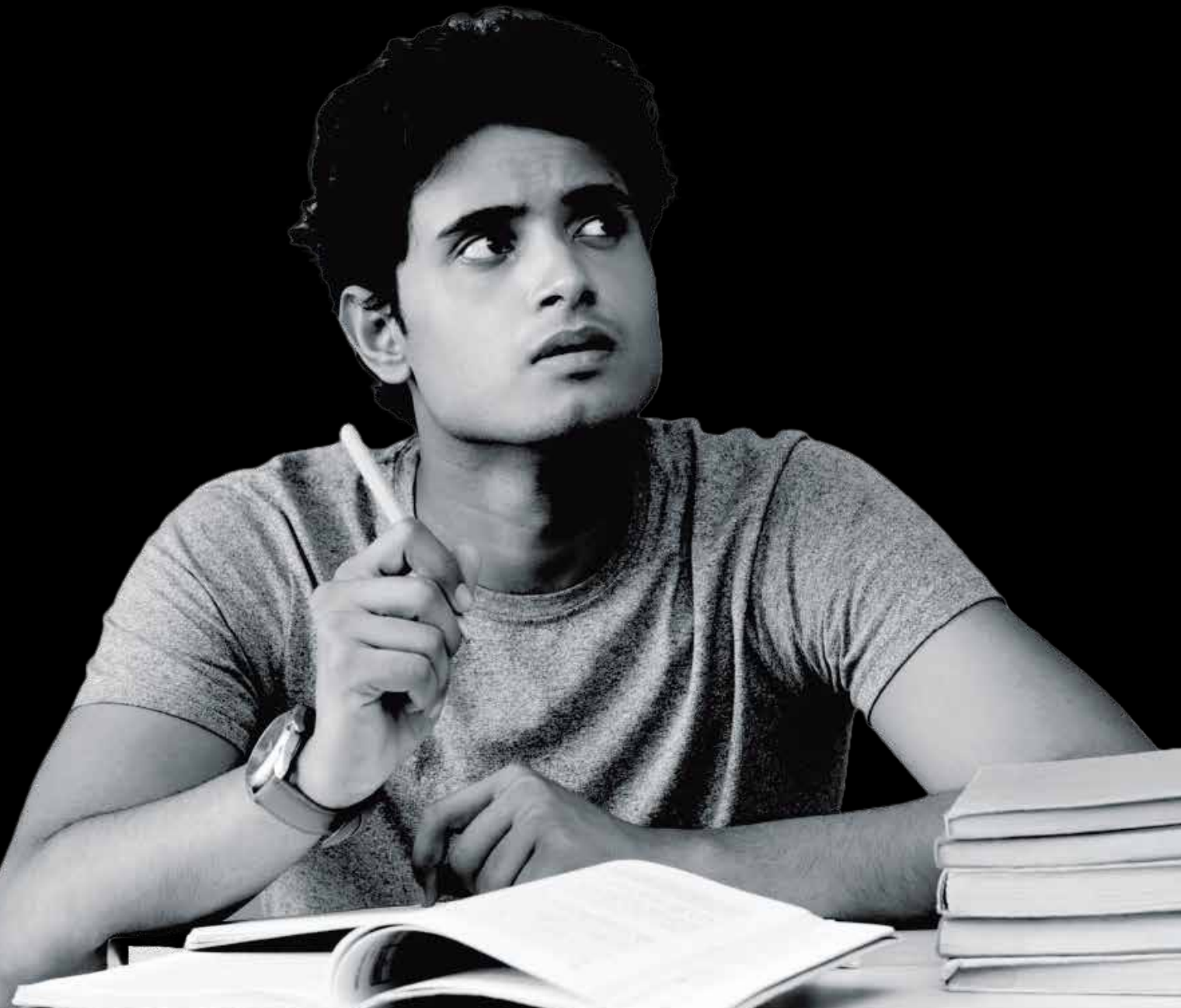
## Current Liabilities

Current Liabilities	Total	North	East	West	South	Tier 1	Tier 2	Tier 3
Personal Loan	19%	4%	8%	14%	43%	12%	25%	20%
Home Loan	8%	1%	3%	12%	13%	6%	11%	6%
Business Loan	7%	1%	5%	5%	15%	6%	9%	5%
Car Loan	6%	1%	8%	6%	7%	6%	7%	4%
Education Loan	3%	1%	1%	2%	9%	2%	5%	1%
Others	2%	0%	6%	0%	1%	1%	0%	6%
None of these	66%	92%	73%	67%	37%	77%	54%	64%

Sig. higher  
at 95% CI

Sig. lower  
at 95% CI

Base: All Respondents - Listing; Total: 3,955; North: 892, East: 837, West: 1,114, South: 1,112; Tier 1: 1,545, Tier 2: 1,520, Tier 3: 890  
Qs. What are your financial liabilities?



## 5. COST, CONFUSION, CONUNDRUM: AFFORDABILITY AND COMPLEXITY REMAIN KEY BARRIERS TO PURCHASE

### A. Lack of funds and high premiums cited as major deterrents

Affordability remains the biggest barrier to health insurance adoption. Among non-buyers, 31% found premiums too high, while 26% cited a lack of sufficient funds as the primary reason for not purchasing a policy.

However, industry analyses suggest that while customers seek affordability when they start looking for a policy, most of them end up buying those with comprehensive features that add value to their coverage instead of just opting for the lowest premium. This indicates towards the growing value-consciousness among consumers rather than just price sensitivity.

### B. Trouble understanding the product emerges as another barrier

Beyond cost concerns, complexity of product and purchase process in health insurance turned out to be the next significant challenge. One in five (20%) respondents admitted they did not fully understand how health insurance works and 18% perceived the buying process to be cumbersome.

Choice overload also played a role, with 16% of non-buyers finding the sheer number of options confusing.



“

*The premium was bit high when I wanted to take a policy for all members including my parents.*

”

*Male 32 yrs. Lucknow*



“

*Saw a YouTube video where the person claimed it was cashless and they were still asked to pay an amount upfront to get admitted. The tie-ups that the companies have seems to be wrong. In case of emergencies, we will not think which hospitals are covered. We will take them to the nearest hospital. If that is not in the covered hospital and I have to pay an amount, how is insurance helping? And at that time, we don't even understand who to call for help. We don't have any knowledge about which form to fill, what to do?*

”

*Male 37 yrs. Indore*

## Barriers for Health Insurance Purchase

Barriers	Total	North	East	West	South	Tier 1	Tier 2	Tier 3
High premium	31%	25%	39%	44%	16%	40%	21%	31%
Didn't have sufficient funds	26%	19%	27%	24%	33%	25%	22%	33%
Alternate investment with returns	23%	20%	22%	27%	23%	24%	24%	19%
Did not understand how it works	20%	13%	27%	27%	16%	20%	22%	18%
Realized having sufficient savings	20%	15%	23%	19%	25%	20%	21%	21%
No policy covered all diseases	19%	8%	22%	32%	13%	22%	21%	11%
Not sure of claims being paid	19%	8%	23%	30%	13%	19%	21%	13%
Seemed like a hassle	18%	17%	19%	28%	9%	22%	20%	10%
Too many options - confusing	16%	12%	14%	23%	16%	22%	14%	10%
Adequate corporate cover	16%	12%	23%	18%	10%	19%	12%	15%
No urgency	15%	13%	16%	17%	15%	17%	12%	17%
Did not issue a policy	10%	8%	12%	11%	7%	15%	7%	6%
<b>Affordability Issues</b>	<b>49%</b>	<b>38%</b>	56%	57%	44%	54%	<b>39%</b>	53%
<b>Complexity of Product/ Process</b>	<b>45%</b>	38%	51%	<b>56%</b>	<b>34%</b>	<b>52%</b>	43%	<b>35%</b>

Sig. higher at 95% CI    Sig. lower at 95% CI

Base: HI Non-buyers – Main Survey; Total: 594; North: 154, East: 147, West: 151, South: 142; Tier 1: 239, Tier 2: 218, Tier 3: 137  
 Note: Affordability Issues include 'high premium' and 'lack of sufficient funds'; Complexity of Products/ Process include 'Did not understand how it works', 'Seemed like a hassle' and 'Too many options – confusing'  
 Qs. Why did you not purchase a policy after thinking about it?

Additionally, 23% preferred investing in financial products that offer returns, rather than a protection-based product like health insurance.

Notably, the same barriers to purchase were also reported by respondents in How India Buys Insurance Report - Volume I (2023), where affordability and complexity concerns were top reasons for not buying health insurance. These insights highlight the urgent need for simplified product structures, transparent pricing and greater financial awareness to improve penetration.



# 6. WHY DEDICATED CLAIMS ASSISTANCE IS THE NEW CURRENCY IN HEALTH INSURANCE

## A. Claim support new gold standard of customer satisfaction

As the differentiation between insurance companies and policies based on claim settlement ratio becomes lesser, consumers now evaluate service quality at the time of claim more rigorously than just likelihood of claim being paid.

Dedicated claim support has gained traction, rising from 24% before 2021 to 26% after 2021. While the increase may seem marginal, it represents a shift in consumer expectations. Buyers are now placing greater value on seamless claims assistance, which translates to ease of claim processing becoming a key differentiator in policy selection.

### Evaluation Parameters

Parameters	Total	North	East	West	South	Tier 1	Tier 2	Tier 3
Low premium	41%	40%	50%	53%	26%	42%	35%	51%
High coverage	36%	38%	44%	35%	29%	39%	34%	32%
Large network of cashless hospitals	29%	27%	34%	29%	27%	32%	24%	30%
Nearby hospital are cashless	27%	18%	33%	31%	29%	26%	29%	25%
Dedicated support during claim*	26%	24%	16%	35%	29%	24%	29%	26%
Max. cover in my budget*	26%	31%	25%	16%	30%	25%	28%	24%
Min. wait time -pre-existing diseases	18%	18%	12%	19%	22%	17%	17%	22%
Brand/ Company	17%	15%	22%	14%	19%	15%	18%	20%
Income tax saving*	17%	23%	18%	9%	17%	19%	14%	17%
High number of claims paid	16%	18%	16%	15%	15%	14%	20%	15%
No medical test before issuance*	15%	20%	8%	11%	19%	20%	13%	8%
Maternity cover*	15%	13%	9%	20%	15%	11%	19%	15%
Ease of application and issuance	13%	9%	8%	12%	23%	14%	15%	9%
OPD coverage	13%	15%	8%	14%	14%	13%	14%	12%

Sig. higher at 95% CI      Sig. lower at 95% CI

Base: HI Buyers – Main Survey; Total: 472; North: 136, East: 86, West: 118, South: 132; Tier 1: 214, Tier 2: 164, Tier 3: 94  
 Note: \*Included in 2024 survey and scores have been computed as per relevant bases  
 Qs. What aspects were important to you when deciding which health insurance plan to buy? Select top 3 factors.

## B. Affordability continues to influence the choice of policy for potential buyers

The factors influencing health insurance purchases have remained largely consistent since 2021, with affordability and coverage continuing to drive decisions. Low premiums remain the top priority for buyers (41%), followed by high coverage (36%) and access to a wide cashless hospital network (29%).

These preferences indicate a shift toward value-driven decision-making, where consumers are weighing affordability against the scope of coverage.

“

*I checked policies online and shortlisted few options which had the lowest premium for the coverage I wanted.*

”

*Male 32 yrs. Bangalore*

# 7. FRIENDS AND FAMILY IN THE LEAD, BUT DIGITAL PLATFORMS GAIN SIGNIFICANT GROUND AS PRIMARY SOURCE OF INFORMATION

## A. Majority of respondents like to run an active search before buying a policy

After an initial trigger, 61% of respondents actively research health insurance, with a mix of personal and digital sources.

Friends and family remain the most trusted advisors for 57%, while agents (49%) and digital platforms (48%) are at par.

This suggests that the traditional word-of-mouth influence persists, but independent research is now central to decision-making in which online platforms are becoming integral.

Compared to the last edition of the report, digital platforms have seemed to gain significant traction amongst the consumers and are now at par with agents.

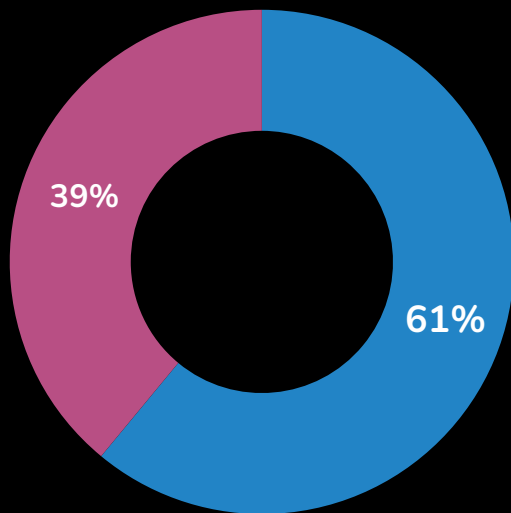
“

*First we spoke to our relatives. Then we searched on Policybazaar.com and insurance company websites to gather more information.*

”

*Male, 34 yrs, Indore*

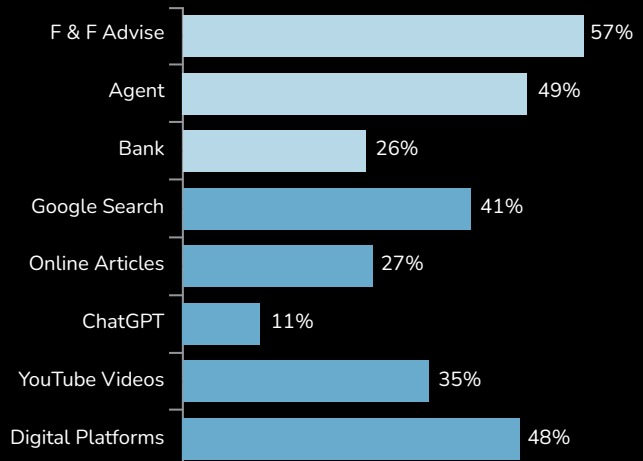
### Search for Information



- Actively searched for Information
- Did not search for information actively

### Sources for Information

Avg. Number of Sources – 3.1



- Offline [Nett]: 82%
- Offline [Nett]: 77%

Base: All respondents – Main Survey (n = 1,065); For Sources of Information - All respondents who actively searched for information (n=655)  
 Qs. After thinking about purchasing the health insurance policy, did you seek more information about health insurance?;  
 What all did you do to get more information about health insurance policies?

## B. Age no bar for digital platforms, but preferences shift with generations.

When it comes to age-divide, consumers across age groups use online platforms at similar rates. Across age groups, consumers no longer rely on a single source for information on insurance. On average, they research across 3 or more sources. However, key differences emerge elsewhere with the 40+ demographic leaning heavily on agents, while the younger demographic of 30-39 turning to YouTube more than any other group.

The 40+ demographic leans heavily on agents (57%), valuing expert guidance, while the 30-39 segment turns to YouTube more than any other group (41%).

This pattern reflects different approaches to decision-making. Older consumers continue to prioritise a human-in-the-loop guidance, and younger buyers gravitate toward digital content, indicating a shift toward more independent, visual and tech-assisted research.

### Information Sources

Information Sources	Total	23-29 Years	30-39 Years	40-50 Years
F & F Advise	57%	64%	54%	54%
Agent	49%	45%	47%	57%
Bank	26%	27%	29%	20%
Google Search	41%	48%	45%	32%
Online Articles	27%	30%	27%	27%
ChatGPT	11%	14%	13%	6%
YouTube Videos	35%	32%	41%	30%
Digital Platforms	48%	55%	48%	47%
Average number of sources searched		3.3	3.2	2.9
82% Offline [Nett]		85%	80%	84%
77% Online [Nett]		83%	80%	70%

Sig. higher at 95% CI

Sig. lower at 95% CI

Base: All respondents who actively searched for information – Main Survey (n=655);

23-29 Years: 136; 30-39 Years: 314; 40-50 Years: 176

Note: Includes buyers & non-buyers

Qs. What all did you do to get more information about health insurance policies?





**HOW  
INDIA BUYS  
TERM INSURANCE**

# 1. | NEARLY HALF OF INDIA IS STILL IGNORING TERM INSURANCE.

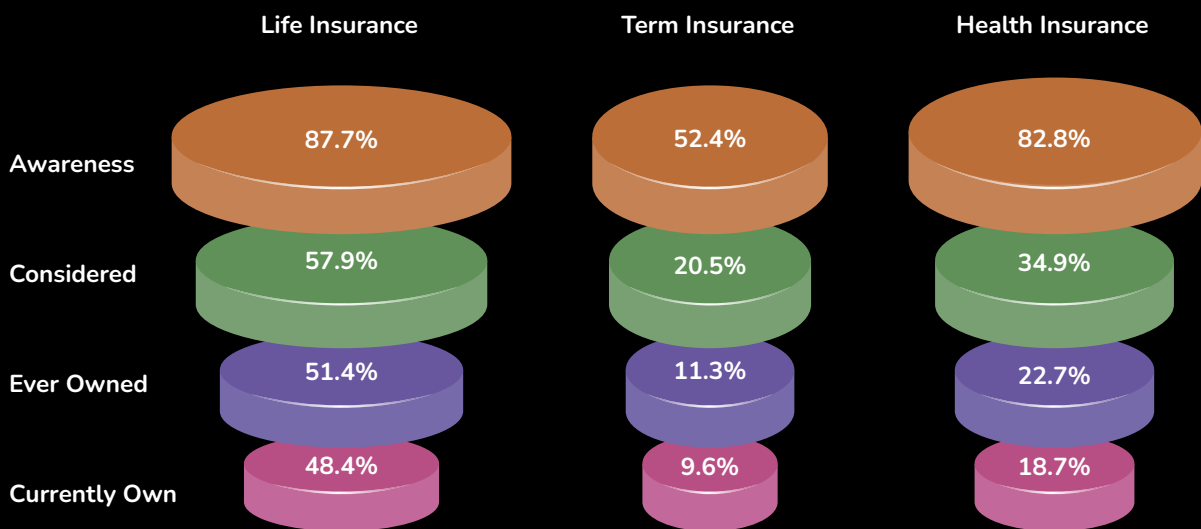
## A. The awareness gap behind slow term growth

Term insurance has the least awareness among protection products in India. Its adoption has grown at a sluggish pace over the past five years, with a compounded annual growth rate (CAGR) of just 2%. The primary reason for this slow adoption is a lack of awareness about the product itself.

According to our study, 47.6% of Indians remain uninformed about term insurance and its benefits, with only 9.6% of respondents currently owning a policy.

However, there is a promising shift—FY24 recorded an 18% industry-wide growth, and our survey also revealed that 56% of those aware of term insurance expressed a positive disposition toward it, highlighting a growing recognition of its importance.

### Product Funnel



Base: All Respondents - Listing (n=3,955)

Qs. Which of the following insurance policies are you aware of? Which of the following insurance policies have you ever considered owning? Which of the following insurance policies have you ever owned yourself? Which of the following insurance policies do you currently own yourself?

“

We see a lot of advertisements of LIC and Health insurance policies. However, I haven't seen many advertisements about Term Insurance. The only one I remember seeing is a short advertisement from Policybazaar.

”

Male 29 yrs, Indore

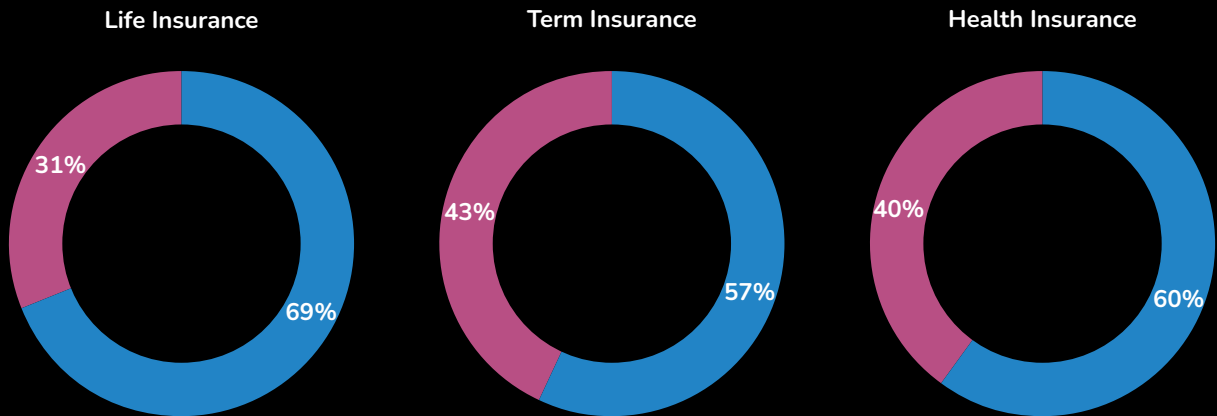
“

I am the only earning person in my family. If the earning person is no more, or is separated from the family, then it becomes difficult to run the house. With term insurance, even if I am not there, the family will get a certain amount. They can use that and if they invest it, they will get some monthly amount generated from that.

”

Male 34 yrs, Lucknow

## Disposition towards Select Insurance Products



- Positive Disposition: Currently own & will continue or currently do not own but intend to own in future
- Negative Disposition: Currently own & will not continue + currently do not own and do not intend to own in future

Base: All aware of the respective products – Listing; Life Insurance: 3,470; Term Insurance: 2,071; Health Insurance: 3,273

Qs. Which of the following best describes your disposition towards <<Life Insurance/Term Insurance/ Health Insurance >>?

## B. Traditional life insurance continues to dominate

Meanwhile, traditional life insurance policies continue to enjoy high uptake, with approximately 45% of aware respondents owning a traditional life insurance policy and intending to continue with it in the future.

LIC has long been the go-to savings option for Boomers and Gen X, providing them with much-needed security. These generations are

often the ones who encourage their recently employed children to start their investment journey with traditional life insurance policies. What's worth noting is that these policies are often viewed more as 'investment' options rather than as life coverage for their families.



“

*During my first job, I took advice from an agent (also a friend) who told me about life insurance. At that time, I didn't know much about this but he insisted that this will be beneficial in future. So, I took the Life Insurances and now I see that it was a good suggestion. I started investing 22 years back and now it will mature in 5 years and it will be useful for my kids.*

”

Male, 45 yrs. Indore

“

*My mother had asked me to invest in LIC when I got my first job. I still continue to invest in the same. I invest in Mutual Funds and shares. But I have not invested in any other insurance products.*

”

Male, 26 yrs, Cochin

## 2. | 87% OF THOSE WITHOUT TERM INSURANCE CRITICALLY UNDERESTIMATE FAMILY'S FINANCIAL NEEDS

### A. The deeper issue in term insurance adoption

Lack of awareness among non-buyers about term insurance as a product is one side of the coin. The other side seems even more concerning - a limited understanding of personal finance.

In the process of life cover planning, it is imperative to take into account a variety of financial factors. These include, but are not limited to, significant future expenditures such as child education and marriage, any current loan obligations, provisions for spousal retirement, potential medical contingencies, and ongoing living expenses.

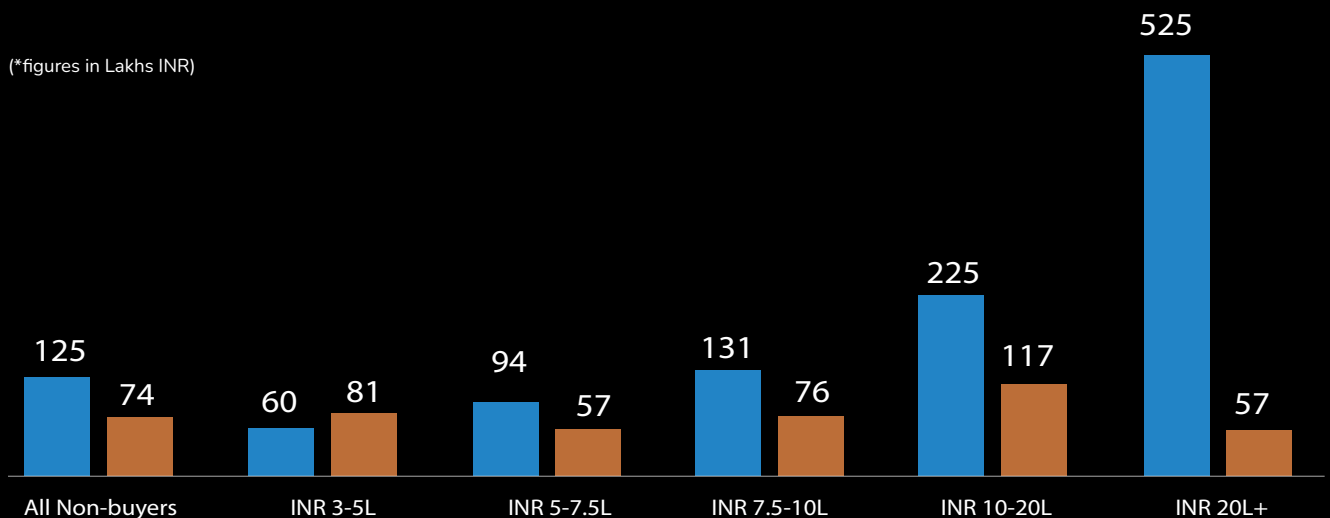
Generally, a life insurance cover of 15 to 20 times one's annual income is considered appropriate. This is to ensure that dependents can sustain themselves for at least 10 years before they can establish a new income source.

Our survey data, however, reveals a substantial disconnect between perceived and recommended coverage amounts among non-buyers. For example, non-buyers with an average annual income of approximately Rs. 6.25 lakh estimated their family's needs at around Rs. 57 lakh. This figure falls considerably short of the approximately Rs. 93.75 lakh recommended by experts, calculated using the 15x income multiple, highlighting a potentially dangerous underestimation of coverage needs.

This pattern of underestimation is evident across various income brackets. For instance, those earning Rs. 8.75 lakh believe Rs. 76 lakh is sufficient (compared to a required Rs. 1.31 crore), those in the Rs. 10-20 lakh range perceive Rs. 1.17 crore as adequate (while needing Rs. 2.25 crore), and, most alarmingly, those earning over Rs. 20 lakh believe Rs. 57 lakh is enough (despite needing approximately Rs. 5.25 crore).

### Estimation of Ideal Coverage by Non-Buyers

(\*figures in Lakhs INR)



● Expert Recommendation of Ideal Cover (15x of income)

● Non-buyers' perception of sufficient cover

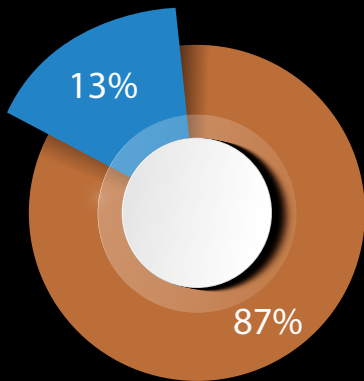
Base: TI Non-buyers - Main Survey (n=467)

Note: Underestimation - If the consumer estimation is below expert-recommended cover

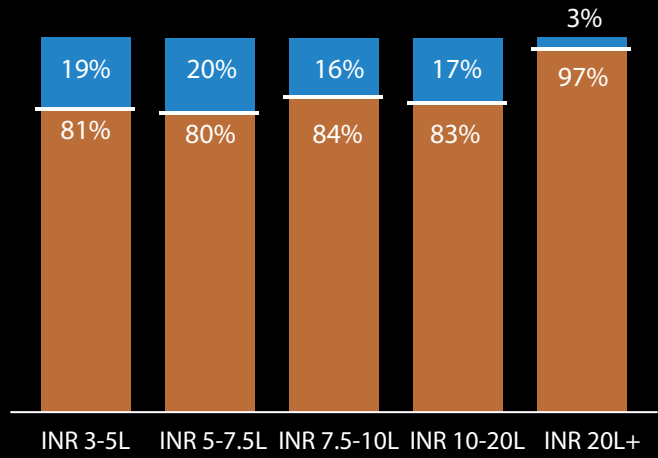
Qs. Hypothetically, how much money do you think your family would need to sustain if something unforeseen were to happen to you today?

## % of Non- buyers Estimating the Coverage Correctly

All Non-buyers



By Income Group



- % of Non-buyers Underestimating
- % of Non-buyers estimating correctly

Base: TI Non-buyers – Main Survey (n=467)

Note: Underestimation - If the consumer estimation is below expert-recommended cover

Qs. Hypothetically, how much money do you think your family would need to sustain if something unforeseen were to happen to you today?



### 3. REAL CLAIM STORIES FUEL TERM INSURANCE GROWTH FROM 16% TO 29%

#### A. The top influences on term insurance decisions?

Push and fear have consistently driven people to consider purchasing term insurance for years. The most common triggers for consideration - among both respondents who ultimately purchased and those who did not -

have been recommendations from family and friends (51%), outreach from local agents (35%), or witnessing families struggle after the sudden demise of their breadwinners (35%).



*A friend of mine referred me to an agent who briefed in detail about TERM insurance. He patiently described the details of the plan, the premium and the coverage. He described that me and my wife are covered and also that the premium is less than other policies. I got convinced with the details and descriptions and got the policy on the same day.*



Male, 32, Bangalore

#### B. Seeing is believing: How claim experiences impact term decisions

A notable change, however, is seen in how the positive claim experiences of others have influenced a larger proportion of term insurance buyers to consider purchasing a policy in recent years.

that they considered purchasing term insurance after witnessing families of someone they knew benefit from having coverage. This marks a sharp rise from just 16% before 2022, underscoring the growing influence of real-life positive examples in driving consideration that ultimately leads to purchase.

Post-2021, around 30% of buyers indicated

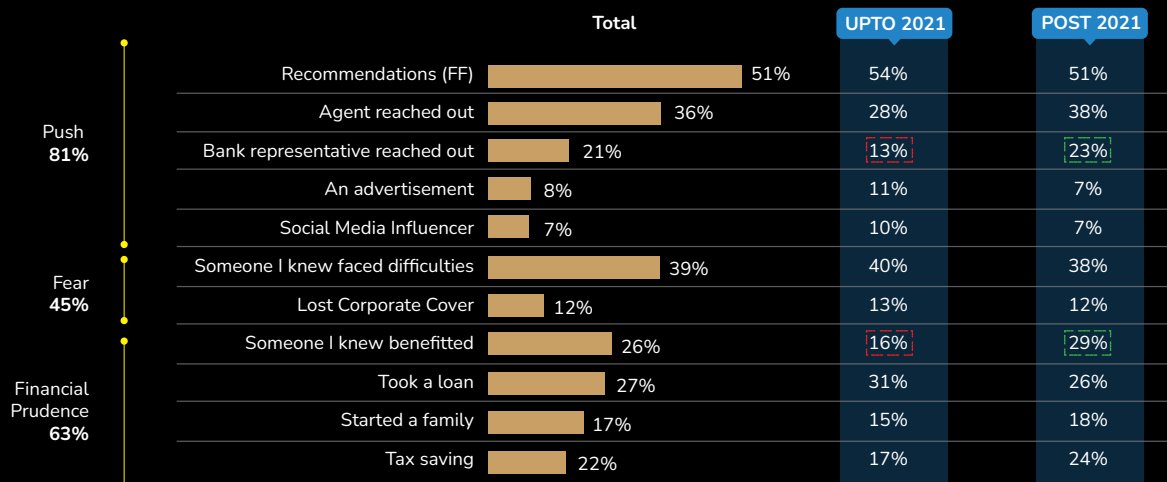
#### Triggers for considering purchase: Geographic Differences

	Triggers	Total	North	East	West	South	Tier 1	Tier 2	Tier 3
Push 80%	Recommendations (FF)	51%	40%	60%	56%	48%	57%	45%	55%
	Agent reached out	35%	33%	42%	34%	31%	43%	31%	29%
	Bank representative reached out	16%	14%	18%	20%	13%	21%	15%	12%
	An advertisement	9%	8%	6%	9%	10%	7%	10%	8%
Fear 41%	Social Media Influencer	8%	6%	10%	9%	8%	10%	8%	5%
	Someone I knew faced difficulties	35%	24%	39%	39%	35%	37%	32%	37%
	Lost Corporate Cover	11%	6%	15%	10%	13%	11%	12%	10%
Financial Prudence 59%	Someone I knew benefitted	25%	20%	33%	30%	17%	30%	22%	24%
	Took a loan	23%	10%	25%	27%	31%	19%	29%	19%
	Started a family	19%	16%	21%	20%	20%	21%	20%	16%
	Tax saving	16%	14%	22%	16%	12%	23%	13%	10%

Sig. higher at 95% CI    Sig. lower at 95% CI

Base: All TI respondents – Main Survey; Total: 948; North: 228, East: 229, West: 251, South: 240; Tier 1: 327, Tier 2: 436, Tier 3: 185  
Qs. What made you think about purchasing a term insurance policy in the first place?

## Triggers for Term Insurance Purchase Consideration Pre and Post-COVID



Sig. higher at 95% CI

Sig. lower at 95% CI

Base: TI Buyers - Main Survey; Total: 481; Up to 2021: 99, Post 2021: 382  
 Qs. What made you think about purchasing a term insurance policy in the first place?

“

*My sister-in-law passed away and since the family had taken a term insurance policy, the family received a large amount of money. At that time, I started thinking about taking a term insurance policy since I was planning to get married.*

”

Male, 28, Indore



# 4. HOW SAFE IS THE SAFETY NET: 29% PLAN TO BORROW FROM FAMILY, 28% TO SELL INHERITED ASSETS IN CRISIS

## A. Traditional safety nets still relied on for emergency financial support

Despite the growing need for formal financial protection, a significant portion of the respondents continues to rely on traditional support systems to meet emergency financial requirements.

Our study found that 29% of respondents expect financial help for their dependents from extended

family in the event of unforeseen circumstances, and 28% believe their dependents would need to sell ancestral property to meet financial needs.

This is especially concerning for families with a single source of income. Of those who felt that their family would be self-dependent if something were to happen to them, 11% were from households with working spouses.

### Plan for Unforeseen Circumstances

Base: All TI Intenders (n=467). All figures in %

	Total	North	East	West	South	Tier 1	Tier 2	Tier 3
Financial Support from Family	29%	16%	29%	42%	28%	28%	30%	27%
Corpus I have accumulated	28%	24%	36%	25%	26%	23%	26%	42%
Ancestral property	28%	17%	32%	34%	28%	26%	27%	34%
Not planned yet	17%	24%	18%	10%	18%	19%	14%	23%
Corpus I will build till then	12%	15%	10%	12%	11%	15%	13%	4%
Family is self dependent	11%	9%	12%	11%	13%	14%	11%	8%
Government pension	8%	5%	6%	16%	4%	4%	9%	12%
Others	2%	6%	0%	0%	0%	0%	3%	1%

40%

Sig. higher at 95% CI    Sig. lower at 95% CI

Base: TI Non-buyers – Main Survey; Total: 467; North: 112, East: 118, West: 118, South: 119; Tier 1: 155, Tier 2: 217, Tier 3: 95 Qs. What do you see as a source of income for your family in case of your unforeseen demise?

“

Even if something happens to me, it's fine if my father, mother are there. But they will only be able to support my family for some time.

”

Male, 32 yrs, Lucknow

A man and a child are walking away from the camera on a gravel path through a forest. The man is on the left, wearing a grey jacket and dark pants, holding the hand of a small child on the right who is wearing a red sweater and blue pants. The path is lined with tall trees, and sunlight filters through the leaves, creating dappled shadows on the ground.

“

*I have instructed my wife about how to manage in case if I am not around. In addition to the savings, the ancestral property that we own can be used by my family. In my absence, they should not sacrifice on the lifestyle they are leading now.*

*Male, 38 yrs Indore*

”

# 5. TRUST & TECH: FAMILY & FRIENDS STILL KEY, BUT DIGITAL GAINS GROUND IN TERM INSURANCE DECISIONS

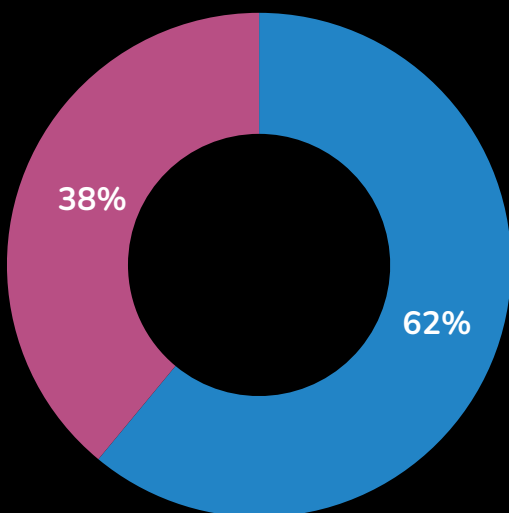
## A. Comparison sites and online research driving term insurance decisions

Our study revealed that 62% of respondents actively searched for information after initially being triggered to purchase term insurance.

Family and friends continue to be the most relied-upon source of information for those contemplating term insurance, with 56% of respondents seeking guidance from them. In

addition, comparison websites have become an increasingly popular source of information, with 52% of respondents utilizing these platforms. This surpasses the traditional method of consulting an agent, which was cited by 50% of respondents, indicating a growing trend toward digital-first research in the decision-making process.

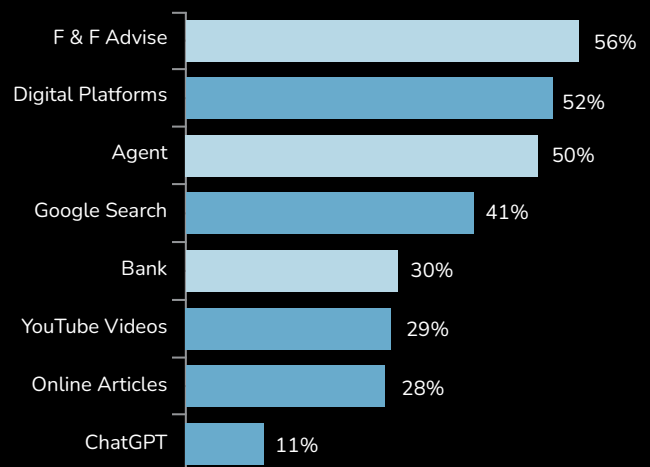
### Search for Information



- Actively searched for Information
- Did not search for information actively

### Sources for Information

Avg. Number of Sources – 3.1



85% Offline [Nett]: 85%  
77% Offline [Nett]: 78%

Base: All TI respondents – Main Survey (n = 948);  
For Sources of Information - All respondents who actively searched for information on Term Insurance (n=587) Qs. After thinking about purchasing the term insurance policy, did you seek more information about term insurance?; What all did you do to get more information about term insurance policies?

“

*I do my own search when I want to invest in a product. I speak to many people like friends, agents, check details online etc. However, I want to make my own decisions after analysing the pros and cons about the products*

”

Male 28 yrs. Lucknow



“

*I searched on Google and found many websites, including Policybazaar, which was at the top. I opened it, registered and saw a list of companies providing term insurance.*

*There was an option on Policybazaar to contact them for help. I submitted my number, received a call and they explained everything clearly. I told them I wasn't understanding certain aspects and they offered to guide me through the online process.*

*Male 42 yrs, Indore*

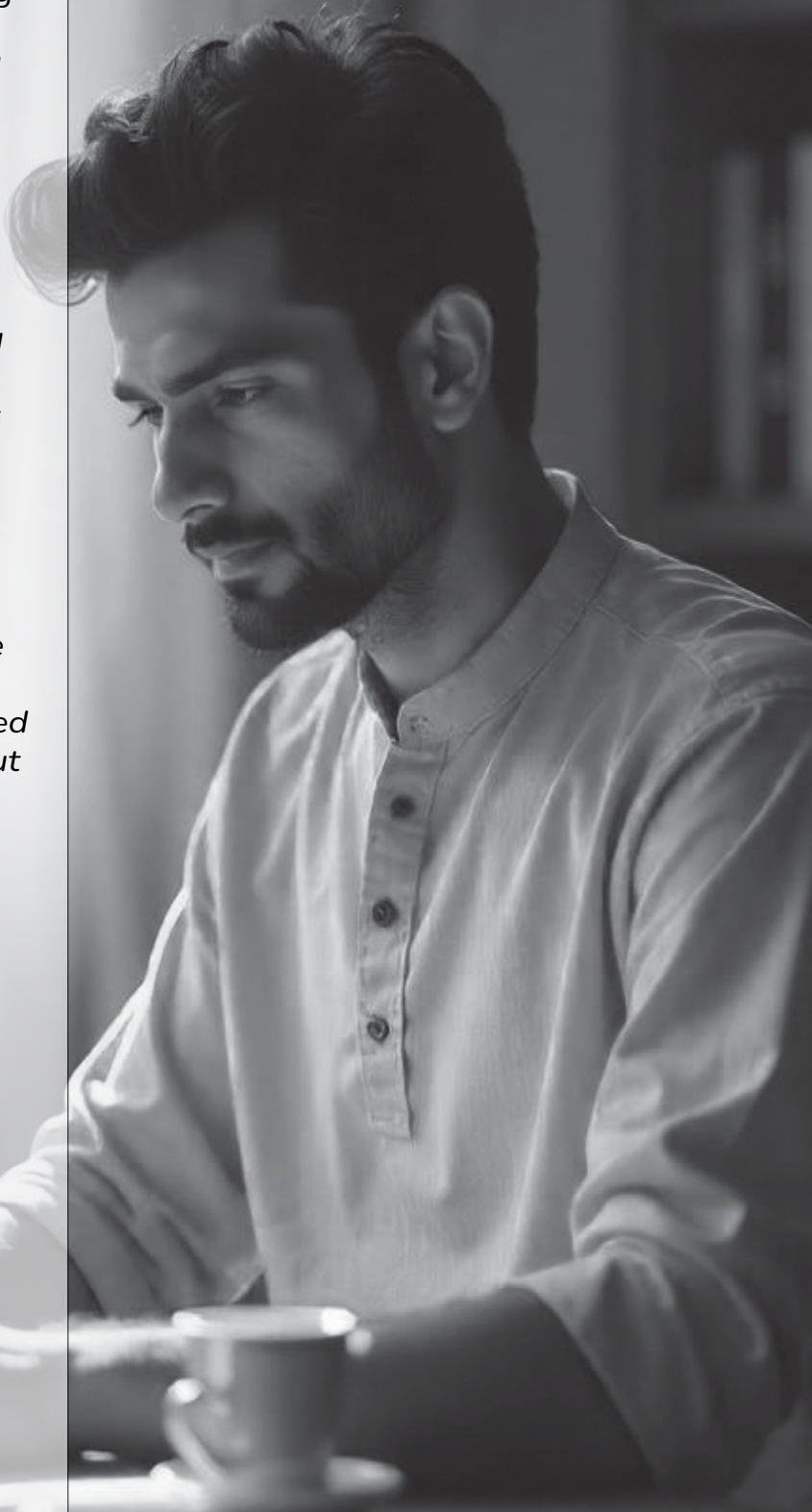
*I spoke to a friend who is a life insurance agent to get more information. After that, I searched online to find more details about policies.*

*Male 39 yrs. Delhi*

*I talked to my relatives who had already taken it, about which one to take, what features should be in it. Then, I went to Policybazaar and compared it, and there they, through video calling, the agent explained the details to me.*

*Male 34 yrs. Mumbai*

”



# 6. SOUTH VALUES TRUST, NORTH SEEKS HIGH COVERAGE IN TERM INSURANCE DECISIONS

## A. A diverse approach to financial security across India

The way Indians evaluate term insurance is deeply influenced by regional priorities, highlighting a diverse approach to financial security across the country. In the South, a strong emphasis was placed by our respondents on the financial strength of the insurance company (45%) and the surety of claims (27%), reflecting a desire for stability and trust in the insurer.

In contrast, respondents from the North focused more on securing high coverage (55%) and leveraging income tax savings (28%). Meanwhile, the West shows a clear preference for affordability, with 52% prioritizing low premiums when choosing a policy.

### Evaluation Parameters

Parameters	Total	North	East	West	South	Tier 1	Tier 2	Tier 3
High cover	42%	55%	47%	48%	20%	43%	37%	53%
Lowest premium	42%	36%	45%	52%	32%	36%	41%	54%
Max. cover within budget	35%	41%	39%	34%	26%	37%	33%	36%
Brand name	29%	29%	28%	29%	30%	37%	25%	24%
In-built benefits provided	28%	18%	20%	37%	35%	22%	32%	28%
Financially Strong	27%	16%	32%	18%	45%	29%	22%	36%
Dedicated claim support	24%	26%	17%	30%	22%	20%	29%	19%
Income tax saving	19%	28%	23%	10%	17%	26%	17%	12%
Time taken to settle the claim	19%	19%	16%	16%	23%	16%	22%	16%
High number of claims paid	18%	17%	12%	14%	27%	19%	18%	13%
Ease of application	17%	14%	19%	13%	22%	15%	22%	7%

Sig. higher at 95% CI      Sig. lower at 95% CI

Base: TI Buyers – Main Survey; Total: 481; North: 116, East: 111, West: 133, South: 121; Tier 1: 172, Tier 2: 219, Tier 3: 90  
 Qs. What aspects were important to you when deciding which health insurance plan to buy? Select top 3 factors.

“

*I compare options available, choose a company with a lower premium, and contact them either by phone or through their toll-free number*

”

*Male, 38 yrs. Mumbai*

# 7. COST & COMPLEXITY HINDER TERM INSURANCE PURCHASES

## A. Affordability concerns hinder the acceleration of term insurance adoption

The adoption of term insurance in India is hindered most often by affordability challenges, with financial constraints being a major obstacle. Among prospective buyers, 35% cited insufficient funds as the reason for not purchasing term insurance, while 27% found high premiums to be a deterrent.

Notably, concerns about affordability were higher in the West (44% vs. 35% at all India level). These challenges indicate that while term insurance is a

crucial financial tool, efforts to improve accessibility, simplify the buying process, and address cost concerns are essential to driving higher adoption. Among respondents who intended to purchase term insurance but ultimately did not, 48% cited product or process complexity as the primary reason, with key challenges including a lack of understanding of how it works, perceived hassles in the purchasing process, and confusion due to the overwhelming number of options available.

### Barriers for Purchasing Policy

Barriers	Total	North	East	West	South	Tier 1	Tier 2	Tier 3
Didn't have sufficient funds	35%	25%	39%	44%	16%	40%	21%	31%
High premium	27%	19%	27%	24%	33%	25%	22%	33%
Invest in products offering returns	24%	20%	22%	27%	23%	24%	24%	19%
Did not understand how it works	24%	13%	27%	27%	16%	20%	22%	18%
Not sure of claims being paid	22%	15%	23%	19%	25%	20%	21%	21%
Seemed like a hassle	20%	8%	22%	32%	13%	22%	21%	11%
Lack of personal benefit	19%	8%	23%	30%	13%	19%	21%	13%
Too many options - confusing	16%	17%	19%	28%	9%	22%	20%	10%
No urgency	16%	12%	14%	23%	16%	22%	14%	10%
Realized having sufficient savings	15%	12%	23%	18%	10%	19%	12%	15%
Poor claim experience in others	11%	13%	16%	17%	15%	17%	12%	17%
Did not issue a policy	10%	8%	12%	11%	7%	15%	7%	6%
<b>Affordability Issues</b>	<b>52%</b>	<b>38%</b>	<b>50%</b>	<b>65%</b>	<b>55%</b>	<b>54%</b>	<b>51%</b>	<b>53%</b>
<b>Complexity of Product/ Process</b>	<b>48%</b>	<b>49%</b>	<b>49%</b>	<b>45%</b>	<b>47%</b>	<b>52%</b>	<b>46%</b>	<b>44%</b>

Sig. higher at 95% CI      Sig. lower at 95% CI

Base: TI Non-buyers – Main Survey; Total: 467; North: 112, East: 118, West: 118, South: 119; Tier 1: 155, Tier 2: 217, Tier 3: 95

Note: Affordability Issues include 'High premium' and 'Didn't have sufficient funds';

Complexity of Products/ Process include 'Did not understand how it works', 'Seemed like a hassle' and 'Too many options – confusing'

Qs. Why did you not purchase a policy?

“

*I am prioritizing investments in other products which give returns currently to build a corpus. Currently, post those investments, I am not left with much funds to invest. Once I have adequate corpus built up, I may consider investing in Term insurance.*

”

Male 30 yrs. Cochin

“

*Policybazaar provides comprehensive information, but for someone like me, it can be challenging to understand all the technical terms. I will need to understand all the details before I make a decision.*

”

Male 35 yrs. Indore





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