

HOW INDIA BUYS INSURANCE

A CONSUMER INSIGHTS REPORT BY POLICYBAZAAR



“By 2047, as India turns 100, we should have a fully insured India, meaning life, health, personal accident, property and all enterprises covering business risk... The whole idea is how do we quickly close the protection gap.”

- Debasish Panda, IRDAI Chairman on CNBC-TV18, Nov 28, 2022

FROM THE CEO'S DESK



**Sarbvir Singh,
CEO, Policybazaar**

सर्वं परवशं दुःखं सर्वमात्मवशं सुखम् ।

"Everything that is controlled by others is painful. Everything that is in our control is happiness."

- Manusmriti 4.159

At Policybazaar, we are guided by our vision of helping the Indian middle-class deal with the 3Ds – Death, Disease and Disability. We believe that insurance against these uncontrollable and unexpected events is a necessity for every Indian household. The clarion call by the hon'ble Chairman of IRDAI, Shri Debashish Panda of ensuring that every Indian is insured by 2047 has been heard loud and clear by the Industry and we are all working towards that inspiring objective.

Despite the obvious advantages of insurance and the aftermath of the Covid-19 pandemic that rattled all of us, India continues to have one of the lowest penetration levels of insurance products in the world. The mortality protection gap stands at ~91% and the health protection gap is pegged at ~ 35%.

At Policybazaar, we decided to take a 360-degree view of our potential customers. We decided to delve deep into their behaviour to understand their changing needs and the multifarious challenges that they face so that we could come up with actionable insights that would help in serving each segment better. This is how our report, 'How India Buys Insurance' was born.

The study has helped unearth some very interesting insights into the consumer behavior with respect to insurance purchase. For instance, we found that even though a fear of the unknown triggers thoughts and conversations around insurance, eventually it is a push from friends and family that leads one towards serious purchase consideration. A little later in the purchase journey, while potential consumers turn to online channels for research and comparison, a high preference for purchasing from human agents continues to be visible across categories. In addition, and perhaps most importantly, the report highlights that it is important to build trust at every touchpoint of the consumer journey.

We hope that you will find this report useful and it will ignite thoughtful and informed deliberations on crucial issues.

EXECUTIVE SUMMARY

Insurance is and has been a fear-based product. The fear of financial crisis either due to illness or the unfortunate demise of the primary bread-earner is one of the biggest triggers that leads to thoughts about insurance among consumers. However, this is not sufficient for vast consumer segments to induce insurance purchase, our research revealed. Education around the importance of insurance and ease of access are paramount to increase the penetration levels.



Building consumer trust in insurance is key to penetration.

Trust is paramount when buying an insurance product. This is evident in the consumer purchase journey wherein friends and family emerged as the top source of information and a known or recommended agent as the top channel of purchase. As an industry, to cover the last mile, we need to expand the boundaries of trust beyond consumers' immediate circles. We need to build systems that ensure authenticity of information/ and transparency in our communications irrespective of channel (offline or online).



Phygital is the way to go.

While consumers do research by themselves online, a large majority still need human intervention - someone who can explain things to them simply, guide them on what's best for them and help with application and claims. Hence, insurance agents have to be at the center of insurance sales. Technology needs to be leveraged more to bring the two together. To scale insurance education and penetration in short span of time, a hybrid approach is more likely to be a home run than a pure offline or a pure online approach.



Improve affordability, simplify products.

The study revealed that a lack of sufficient funds to pay current premiums hold back a significant part of the population from purchasing/ renewing their health/ life insurance. Simpler products with 'key benefits minus the frills' can be a useful step in ensuring that affordability does not keep anyone from staying protected.



Customer experience is paramount.

Insurance as a category lacks instant gratification and everything boils down to customer experience. In this research as well, consumers indicated that tedious paperwork, complex processes and the fear of claim rejection makes their faith in insurance weak. It is imperative for the industry to ensure seamless customer experience and technology can play a pivotal role in this process.



Early education on the importance of insurance is key.

The study also uncovers that financial prudence is least often a trigger for insurance purchase consideration. It's too late by the time people realize the importance of insurance, (as we have seen, especially, in case of life insurance). We probably need to start financial education as a life skill in school/ college. 'Insurance is a key part of financial management' is the message that needs to hit home, so that all Indians can make informed decisions and stay protected.



PREFACE

3,000+ respondents across 27 metro, tier 2 and tier 3 cities in India

Objective

To help understand consumer awareness, needs and gaps, Policybazaar conducted a nationwide survey around protection insurance products (life and health insurance).

Methodology

We conducted a quantitative analysis and face-to-face interviews with a structured questionnaire. We conducted fieldwork during the period Feb – March 2023.

Coverage

The sample size for the survey was 3327 across 27 cities covering the length and breadth of India.

City Coverage



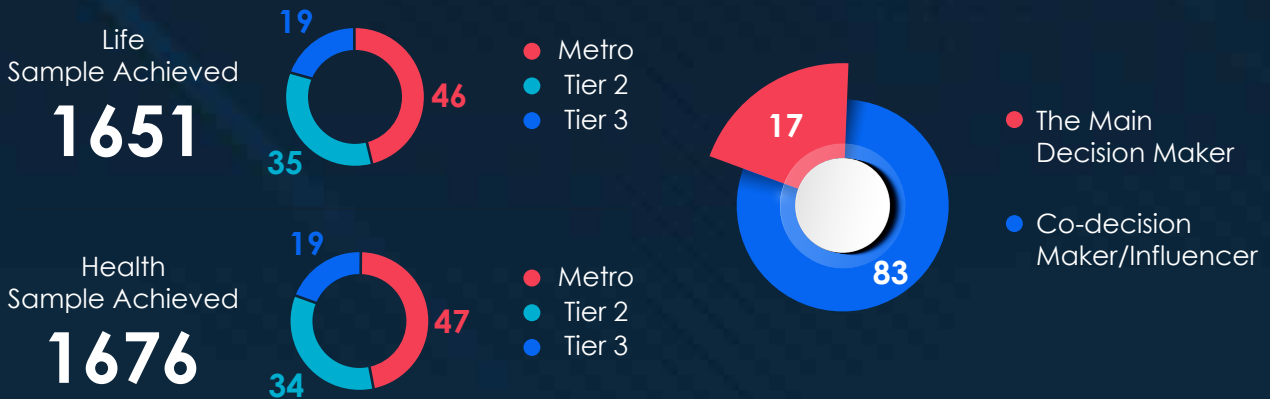
RESPONDENT PROFILE

We spoke to people who are key decision-makers, and those who play a significant role in the choice and purchase of insurance products. The sample is a mix of men and women across the ages 23-60 years for Health insurance and 23-50 years for Life insurance. We've spoken to people across NCCS ABC.

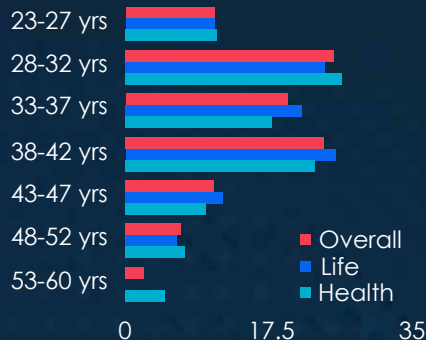
Respondent Profile

Whom did we meet?

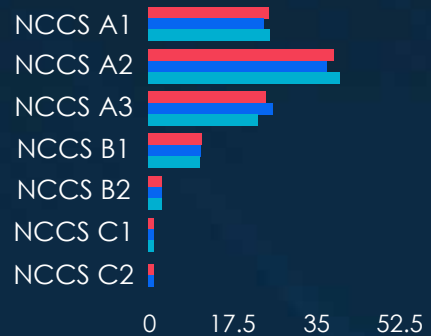
Sample and the City



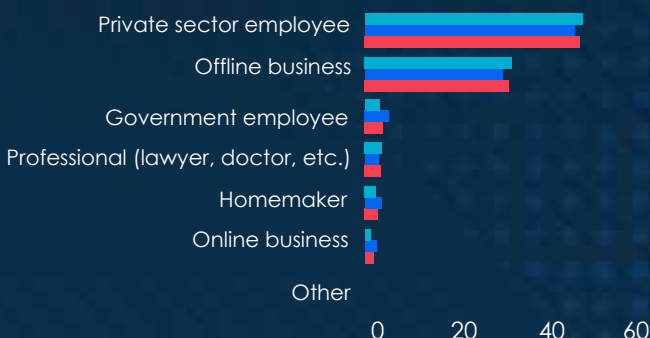
Age



NCCS



Occupation



Gender

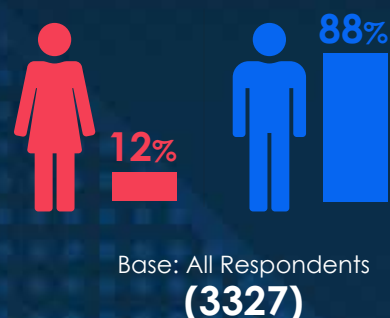


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HOW **INDIA** BUYS
HEALTH
INSURANCE

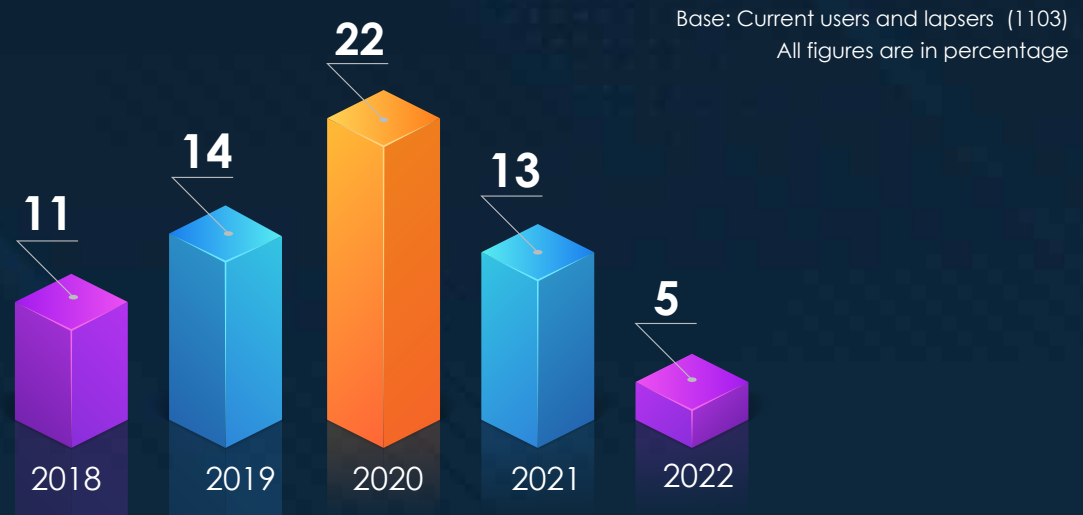


HEALTH INSURANCE

According to IRDAI, around 52 crore Indians have some kind of health cover through state-run schemes, social insurance schemes, and private insurance. This leaves a sizeable population without any adequate health protection. According to a report by Niti Aayog, a major portion of this uninsured segment is the 'missing middle' – consumers who are not poor enough to be covered by any Government scheme and are either unaware or unwilling to take health insurance or maybe cannot afford it.

In this next section, we try to understand the underlying perceptions and decision variables responsible for purchase or otherwise of the Indian adult consumer.

Figure 1: Year of Purchase of Health Insurance among Current Users and Lapsers



Remaining respondents purchased policies before 2018

Who is the Health Insurance Buyer?

Current Owner

"I am covered"



- » 28+ yrs. of age
- » Mostly graduate & above

Non-User

"I'll buy sometime"



- » Younger (23-27 yrs.)
- » Mostly upto graduate

#1 96% respondents aware of health insurance, but inertia in purchase

Awareness level for health insurance in India is high, with 96% of the respondents aware about availability of health insurance policies. In fact, 73% respondents rated health insurance as “very important” to have.



My kids are studying; they don't have any earnings. Now suppose something happens to me, and the hospital expenses come to 10 lakhs, it would put huge pressure on my family. So, I guess, yes, health insurance is important to have.

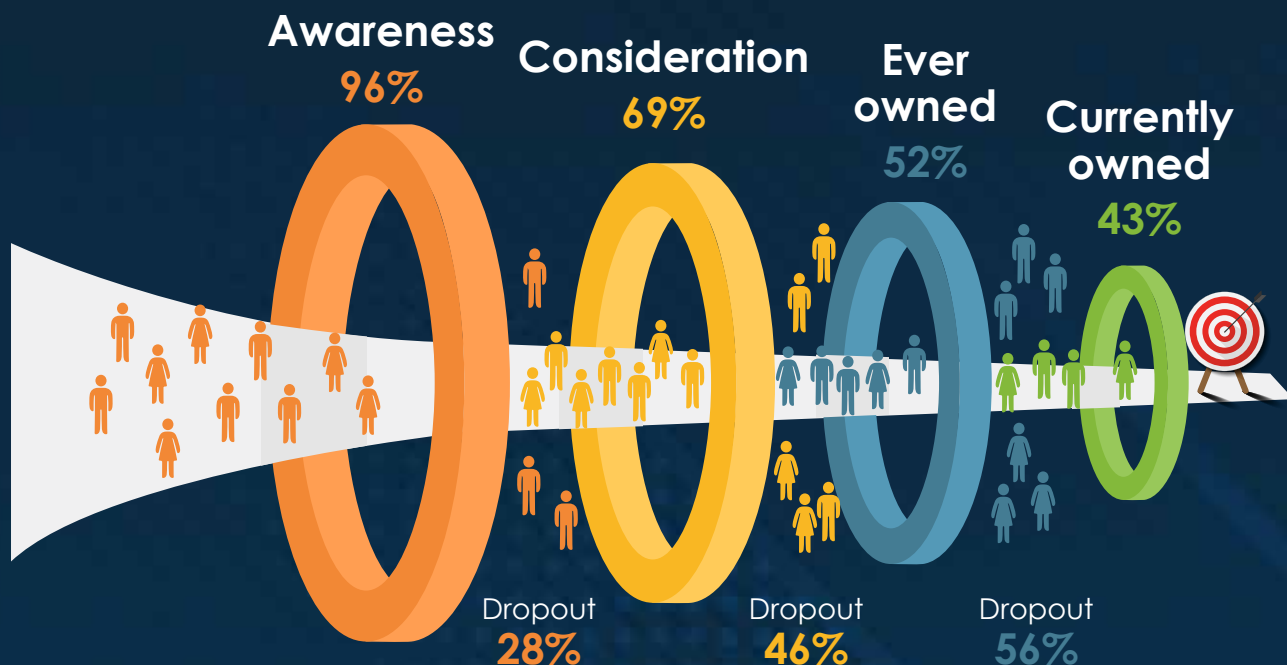


Female, 36 years, Health Insurance non-buyer, Delhi

However, when we move down the funnel, we can see the awareness does not convert into purchase. 28% of the aware respondents did not even consider purchasing a health insurance policy, while 46% never purchased a policy. 17% of those who purchased at some point ended up lapsing, taking the total drop from awareness to current ownership to 56%.

Figure 2: Awareness and Ownership Levels for Health Insurance

Base: All Respondents (1676)
All figures are in percentage



At the geographical level, the importance of health insurance was less recognised in tier 3 towns as compared to the metros, indicating a higher need for education.

Demographically, people seemed to recognise the importance of health insurance as they approach 30 years of age.

Figure 3: Importance of Health Insurance by City Tiers (Top Box)

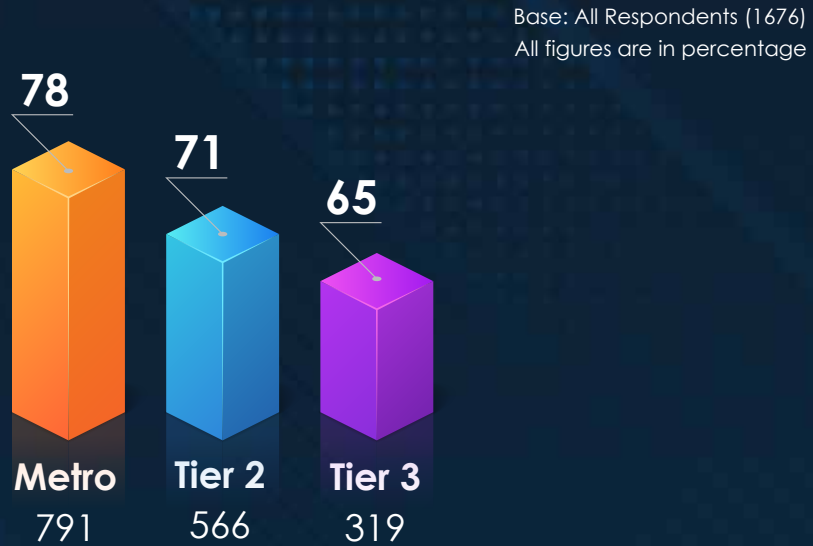
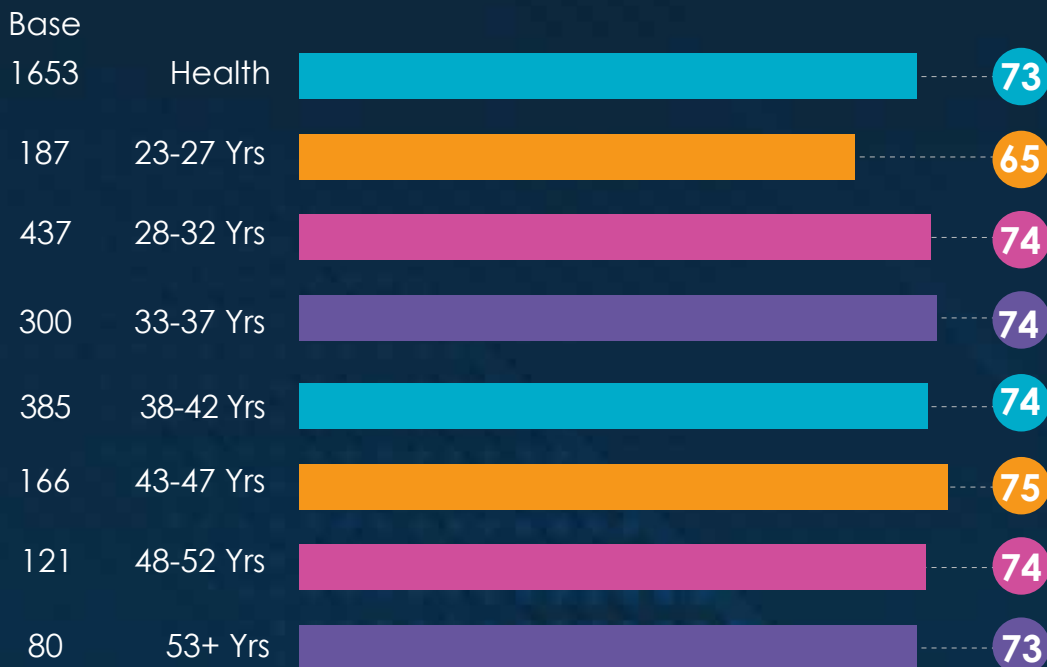


Figure 4: Importance of Health Insurance by Age Group (Top Box)



#2 Complexity of product/process and affordability concerns deter purchase

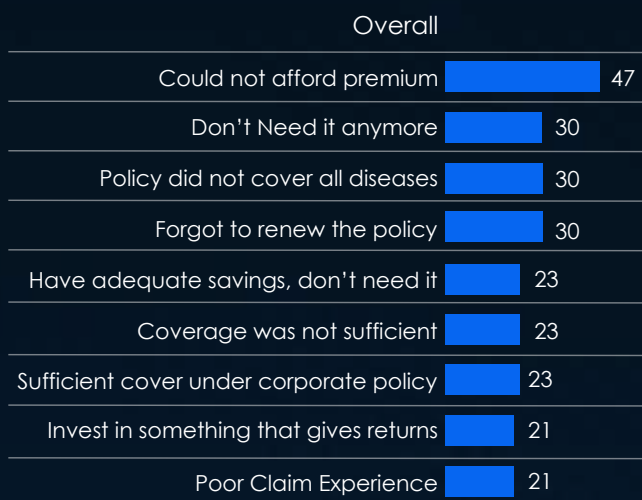
An inquiry into what keeps people from buying health insurance revealed the following key barriers to purchase for non-users:

- 1 Affordability issues (high premiums/ lack of sufficient funds)
- 2 Difficulty in understanding the product and cumbersome process (including didn't understand how health insurance works, too many options made it confusing, and it seemed like too much hassle)
- 3 Procrastination (lack of urgency)

Lack of affordability was the top reason for lapse among health insurance lapsed. A report on Medical Inflation and Health Insurance Products in India¹ notes that increase in policy premiums due to medical inflation leads to customers engaging in selective lapsing where healthy and low-risk customers leave the insurer for lower premiums or downgrade their benefits. In 2021, the country registered the highest medical inflation rate among the Asian countries at 14 percent.²

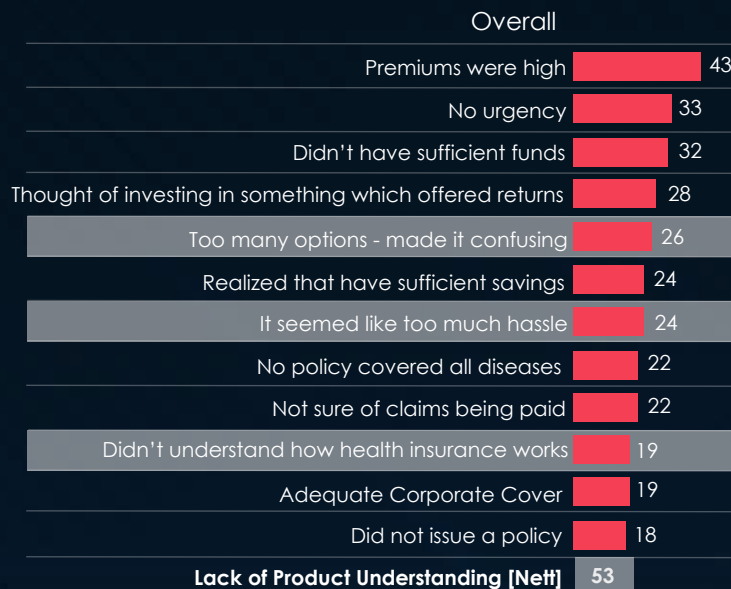
Base: All Health Lapsers (262)
All figures are in percentage

Figure 5: Reasons for Lapsing



Base: All Health Non users (573)
All figures are in percentage

Figure 6: Reasons for Not Purchasing



“Medical inflation is mostly due to domestic factors and started during Covid-19...After that, charges of tests, doctor consultancy fee and almost everything has gone up. Since April, prices of basic medicines have gone up. Since inflation has remained elevated for over a year, it is not cyclical in nature. Medical prices are still showing increasing trends which are unlikely to ease before a year. Inflation has become structural in nature”

Devendra Pant, Chief Economist at India Ratings and Research

¹ Medical Inflation and Health Insurance Products in India, Milliman, July 2020

² The Statements of Objects and Reasons, The National Commission for Controlling Medical Inflation Bill, 2022

#3 Push the single biggest trigger to consider purchase of health insurance followed by Fear

Our survey revealed that Indians were more often triggered to consider health insurance purchase by external events or actions rather than by financial prudence.

Broadly, their triggers for consideration can be classified into push-based triggers, fear-based triggers, and financial prudence-based triggers.

Figure 7: Triggers for Considering Purchase of Health Insurance



Of the three categories, a large majority (88% respondents) were influenced by push-based triggers to consider purchasing health insurance. This means that people were more likely to consider buying insurance when a friend or family member recommended it to them (56%), or an agent reached out to them (51%).

Fear induced by watching someone known get hospitalized (38%) and starting a family (32%) were the other top triggers for considering purchase.

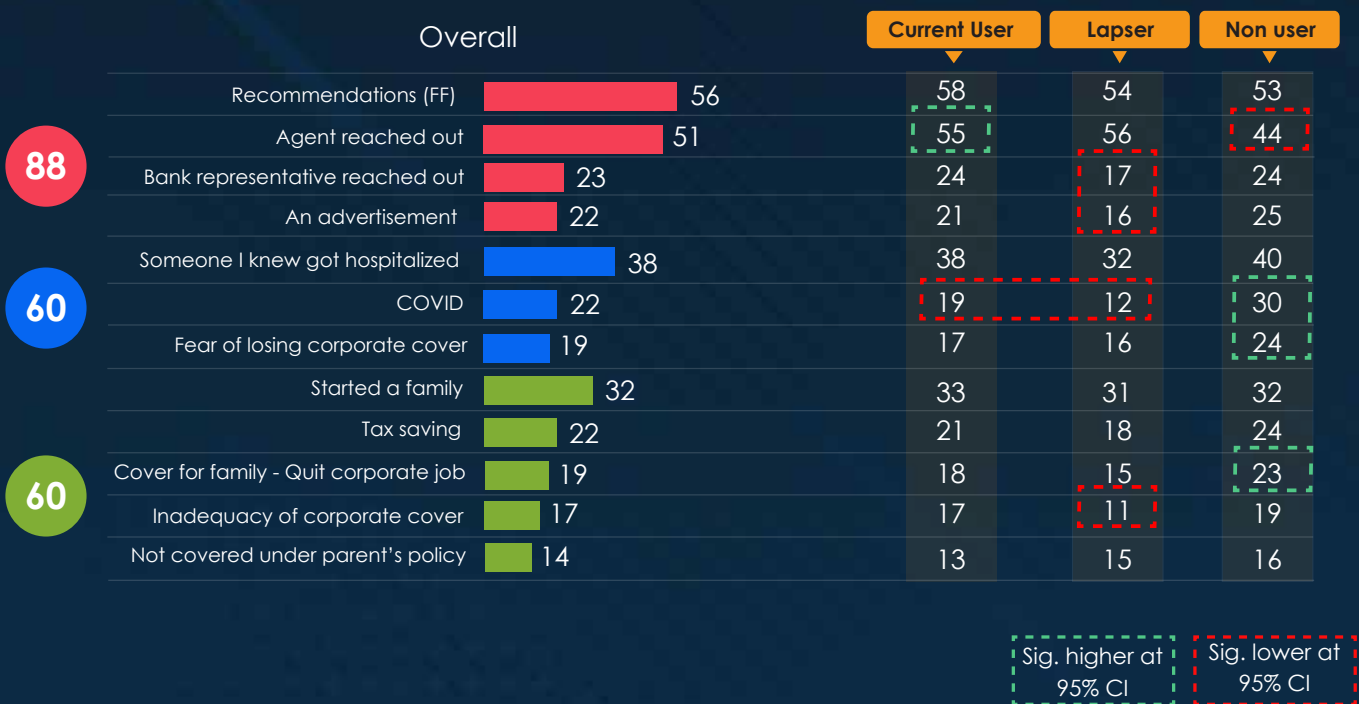
The role of trust and education in triggering health insurance purchase, thus, cannot be ignored. This is also evident from a look at the triggers for those who purchased a health insurance policy (current user) vs. those who did not, even after consideration (non-user).

» 55% of those who owned a health insurance policy had been influenced by an agent vs. 44% of those who did not purchase the policy.

» A higher proportion of non-users tended to be triggered by fear. While fear induced them to consider purchasing a health insurance policy, it was not a strong enough trigger to induce purchase.

Figure 8: Triggers for Considering Purchase of Health Insurance

Base: All Respondents (1676)
All figures are in percentage

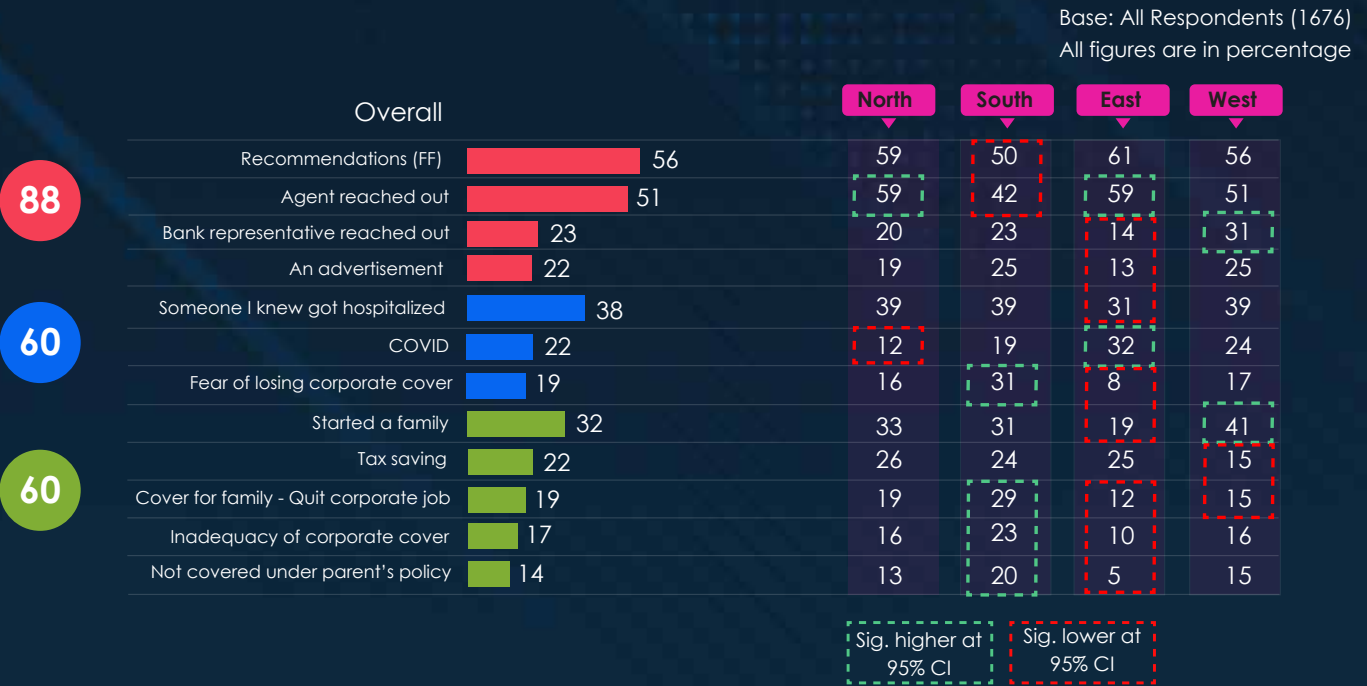


#4 South and West financially more prudent

Apart from push, the need to be covered under some policy (corporate, parents' or own) was a top trigger for purchase of health insurance in South. Respondents in the West were more likely to start considering health insurance purchase when they started a family (41%) than those in the other regions of the country (33% overall).

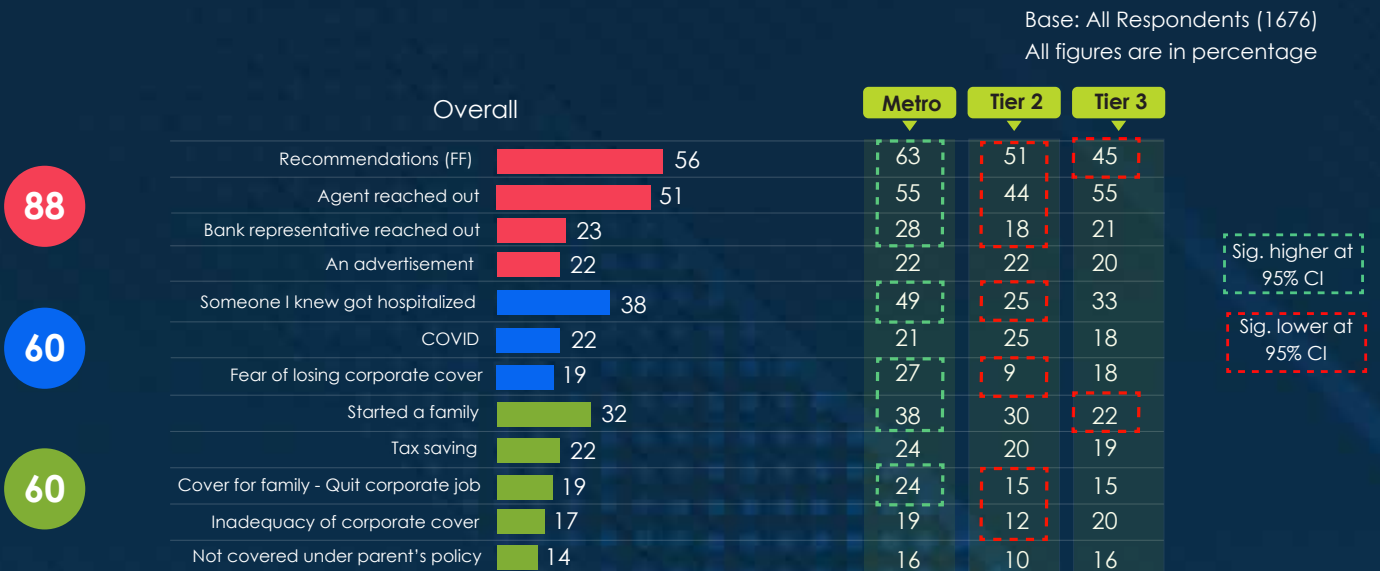
This essentially gives a sense that South and West are more intrinsically driven to ensure financial security through health insurance than the North and the East.

Figure 9: Triggers for Considering Purchase of Health Insurance by Region



Also, life stage changes motivated significantly lower proportion of people to consider health insurance in tier 3 cities (22%) as compared to those in metros and tier 2 cities (33% overall).

Figure 10: Triggers for Considering Purchase of Health Insurance by City Tier



#5 Word-of-mouth and online sources used in tandem by majority for research on health insurance products.

Friends and family played a vital role in getting the conversation started as well as in policy recommendations. Even in cases where respondents trusted their agents for recommendations, over 57% respondents did so because someone they knew had recommended the agent.

However, a large majority of respondents (79%) also sought out online sources to make a more informed decision.



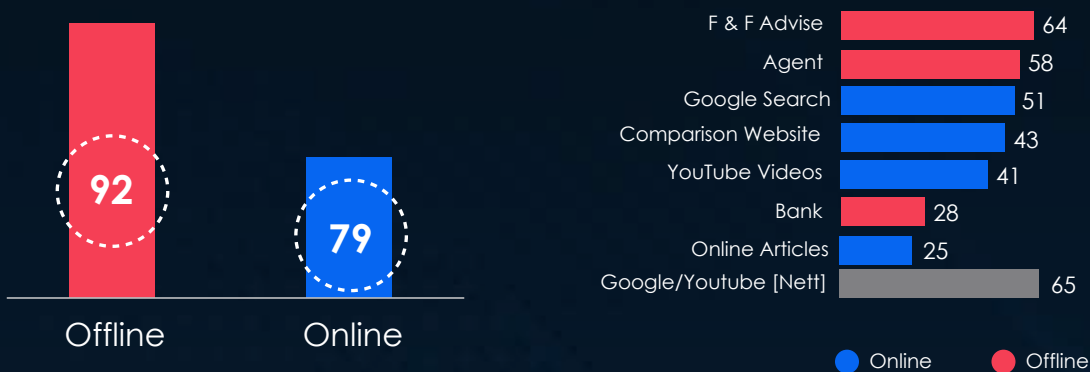
One of my colleague's wife was diagnosed with cancer and he spent around 40 lac on treatment. Thankfully, they had a family health insurance which covered most of the cost. It got me scared. I asked him about his policy. I also did some online research and then bought the same policy as my colleague.



Male, 43 years, Health Insurance buyer, Delhi

Figure 11: Information Sources for Research

Base: All Respondents (1676)
All figures are in percentage



Google and YouTube formed the core of online search with 65% respondents citing browsing through them to get more information on health insurance. Insurance-specific websites (Insurance company or insurance comparison websites) were used by 43% respondents pan-India. A review of the Google search trend for health insurance also indicates this growth, particularly since 2018, when the exponential growth in internet users also started.



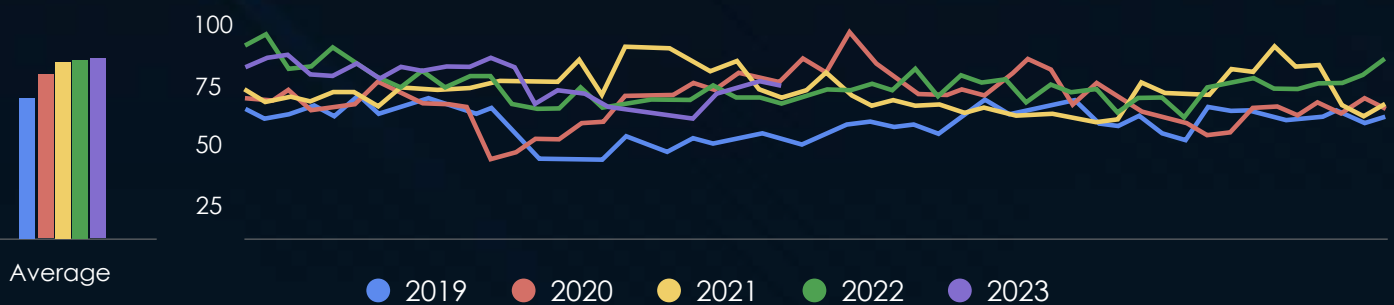
Google is one such source where we can search for information, there could be many things that agent is not able to tell me, so then I search it on Google



Female, 39 years, Health Insurance non-buyer, Delhi

Figure 12: Google Search Trend for Health Insurance^{1,2} (2019-2023)

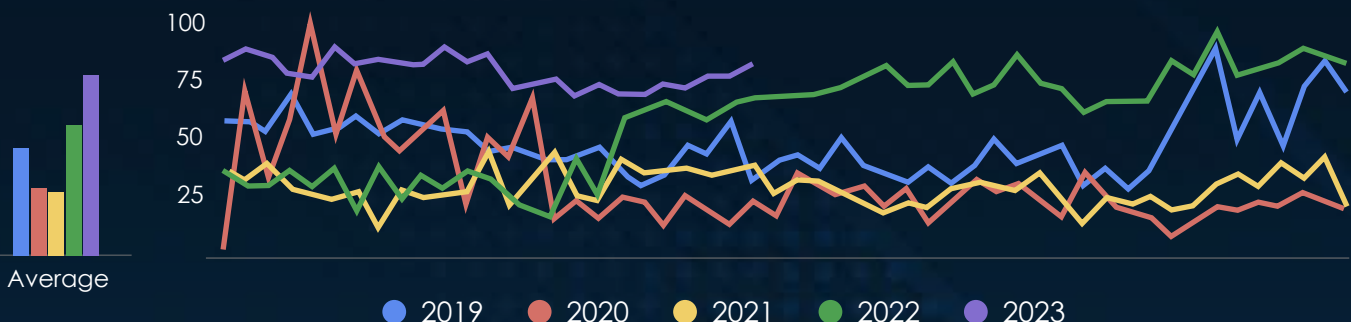
Source: Google Trends



Specifically on YouTube, top growing queries include higher share of non-binary, product understanding linked upper funnel queries³, e.g., 'health insurance kya hota hai', 'health insurance for family'

Figure 12a: YouTube Queries Trend for Health Insurance^{1,2} (2019-2023)

Source: Google Trends



Note: ¹2023 data is YTD (June 25, 2023); ²Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means there was not enough data for this term; ³Based on observation in top & rising terms from 2021 & 2023

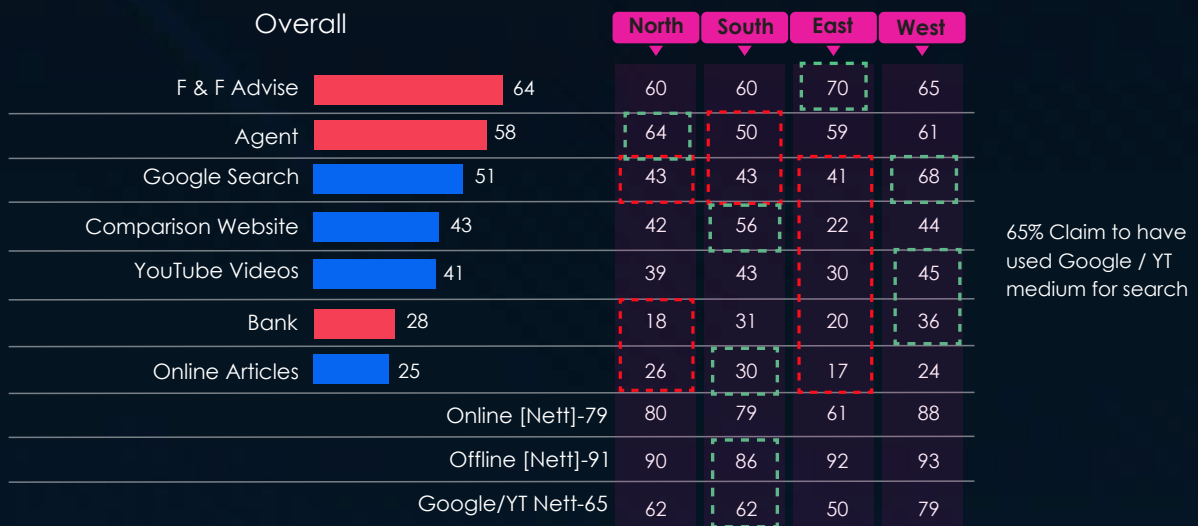
#6 South did more category intensive search - top channel being comparison websites. East most reliant on offline advice

The use of online channels to gather information on health insurance was significantly lower in the East with only 61% researching online vs. 79% India average.

Some differences were also observed in the online search behaviour across regions. A significantly higher proportion of respondents in the South (56%) relied more on insurance-specific websites (incl. insurer websites and policy comparison websites) vs. 43% across India. A higher proportion of those in the West used general search across Google and YouTube (79% vs. 65% overall).

Figure 13: Information Sources by Region

Base: All Respondents [1676]
All figures are in percentage



#7 Premium affordability beats high coverage when evaluating health insurance purchases

Price value equation was highly important for both buyers and non-buyers of health insurance. When evaluating which health insurance policy to purchase, a majority looked at low premium (55%) followed by high coverage (45%).

Network of cashless hospitals [including having a large network (32%) as well as inclusion of nearby hospitals (30%)] and Brand (35%) were the two other key criteria based on which the respondents made their purchase decision.

Figure 14: Evaluation Parameters for Purchase



While price sensitivity was high across India, it was significantly higher in the East and Tier 3 cities.

North on the other hand was the most brand conscious. Brand was the top evaluation criteria for respondents in the North (59%), followed by low premium (57%).

Figure 15: Evaluation Parameters for Purchase by Region and City Tier

Base: All Health Purchasers [1103]
All figures are in percentage

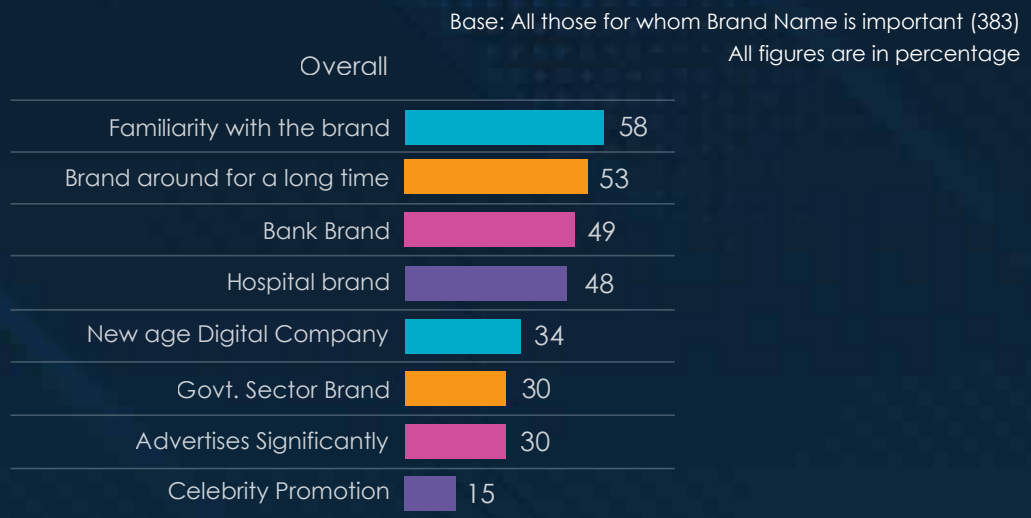
Overall	North	South	East	West	Metro	Tier 2	Tier 3
Low Premium	57	44	65	58	51	55	63
High Coverage	39	41	59	43	43	45	49
Brand	59	28	33	26	37	29	40
Network of Cashless hospitals	25	29	32	39	35	32	24
Nearby hospitals in hospital list	24	33	24	35	35	26	25
High Claim settlement ratio	25	29	21	33	31	21	28
OPD Coverage	24	21	31	28	23	31	22
Ease of Application	14	23	16	13	19	12	21
Short waiting period for pre-existing diseases	14	26	4	19	15	19	17
None of these	1	1	1	0	1	1	1

#8

Brand familiarity & vintage played an important role in aiding purchase of health insurance

Outside of premiums and coverage, brand appeal was a key criteria when selecting health insurance policy. Most respondents (58%) trusted brands they were familiar with. 53% respondents preferred brands that had been around for some time. A large section of respondents also showed preference for insurance brands that are also present in related industries like Banking and Hospitals.

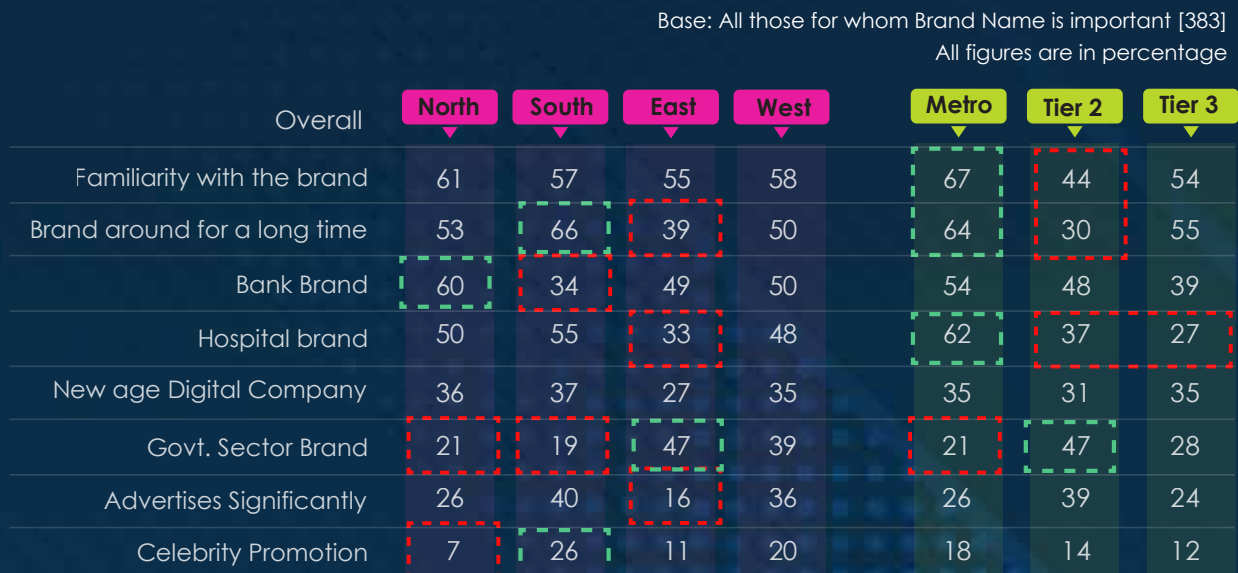
Figure 16: Aspects that Matter in a Brand



As long as the brand was strong from any of the aforementioned perspectives, it did not matter much if it was a Govt. or a private sector brand for 70% respondents across regions.

» The exceptions in this case were the East and Tier 2 cities. Here, the appeal of Govt. sector brands was higher than any other brands.

Figure 17: Aspects that Matter in a Brand by Region and City Tier



#9

Agent remained one of the key people in the distribution of health insurance. Trust is paramount.

While the comfort with the online platform has increased when it comes to online insurance, the majority ends up buying offline.

If we look at the IRDAI data on channel-wise distribution of sales of individual (incl. family floater) policies, a majority share is still sold by offline agents.

Figure 18: Channel of Purchase

Base: All Health Purchasers (1103)
All figures are in percentage

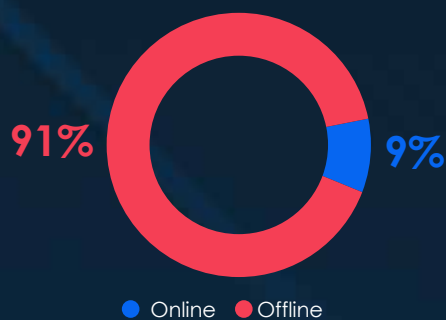
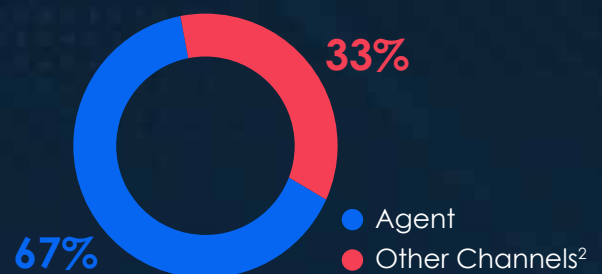


Figure 19: # of Policies Issued by Agents¹ in 2021-22



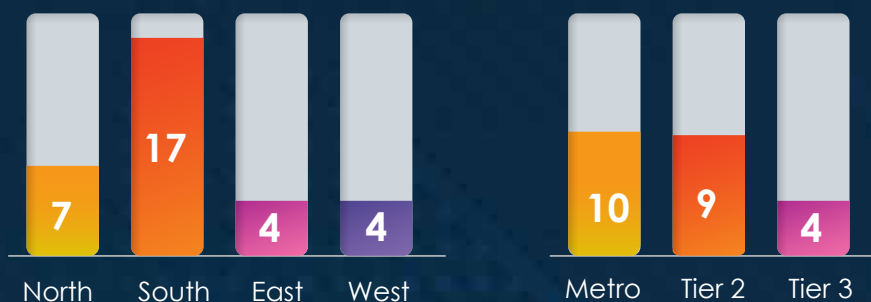
Source: IRDAI

Note: ¹Individual, micro and corporate agents; ²Others include online as well as offline sales by banks, insurance companies and brokers

Online adoption was slightly higher in the South. Metros and Tier 2 cities, however, still remained significantly lower than offline purchase.

Figure 20: Online Adoption by Region and City Tier

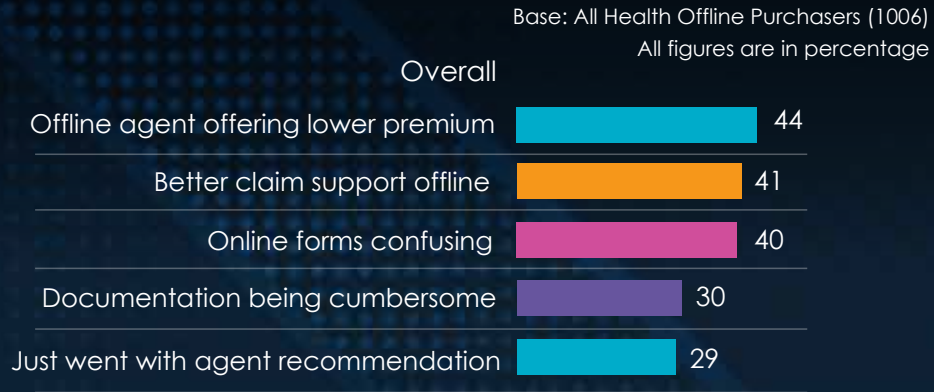
Base: All Health Purchasers [1103]
All figures are in percentage



The key cited reasons respondents prefer buying offline/ through agents were:

- 1 Promise of lower premiums (44%)
- 2 Expectation of better claim support (41%)
- 3 Confusion and difficulty in filling in online forms (40%)

Figure 21: Barriers to Online Purchase



What is noteworthy here is that while respondents believed that the agent offered lower premiums, not many cross-checked the premium of the selected plan elsewhere. Our research indicated that this was largely due to trust. As the agent was typically recommended by family/friend or some other trusted source, respondents took the agent's word on lowest premium.

Similarly, the expectation of better claim support offline was rarely based on actual claim experience (of self or someone known). Physical proximity and personal relationships with the agents instilled the trust of better support at the time of claim.



#10 Moment of truth – Claim experience and settlement were paramount for customers while deciding on purchase of health insurance

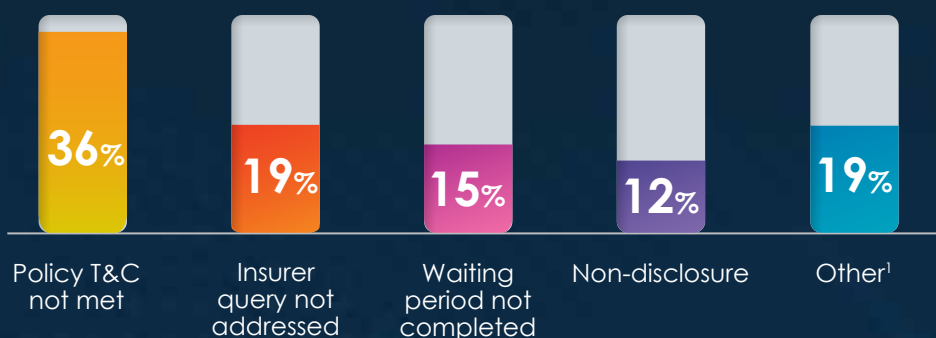
While promise of better claim support at the time of purchase affects people's choice of channel, the actual experience of claim decides whether they will continue to stay covered under a health insurance policy.

When we inquired into what constituted a poor claim experience for those who had experienced one, a majority admitted to having been overwhelmed with the paperwork, or with the insurer raising too many queries. A similar number had to face complete or partial claim rejection.

Additionally, when we look at the industrywide reasons for claim rejections, typically, people tend to lose out on claims due to:

- 1 Not knowing the policy term & conditions (e.g., exclusions, waiting periods or sub-limits)
- 2 Not being able to provide adequate responses to insurer queries
- 3 Waiting period not completed

Figure 22: Reasons for Claim Rejection (Oct'22-Feb'23)



Source: Industry data

Note: ¹Other reasons include sum insured exhaustion, claim being filed twice, etc.

Therefore, while on the one hand consumer education is important to ensure they understand their policies as well as the need to be transparent when purchasing the policy; on the other hand, simplification of the process and on ground support are important for a better claim experience and retention.

HOW INDIA BUYS LIFE INSURANCE





LIFE INSURANCE

Life insurance has been around in the country for over a century and a half, and has been a 'savings' tool for multiple generations instead of a protection tool.

In this next section, we aim to understand if there has been a shift in how consumers think about life insurance. What makes them consider buying life insurance? What are the barriers to purchase of life insurance?

Many industry experts believe while fear of death is one of the biggest triggers behind the purchase of life insurance, excessive fear can also lead to a barrier among certain consumer segments. Typically, death is a taboo topic and one which most consumers and their families avoid discussing. Awareness campaigns around life insurance often leads to excessive fear, making consumers too afraid to think pragmatically and plan financially for unforeseen circumstances like death.

Who is the Life Insurance Buyer?

Current Owner

"I am covered"



- » 28+ yrs. of age
- » Mostly graduate & above

Non-User

"I'll buy sometime"



- » Younger (23-27 yrs.)
- » Mostly upto graduate

HOW INDIA PURCHASES LIFE INSURANCE

#1 85% aware of life insurance but only 28% had an active policy

Awareness levels for life insurance stood at 85%.

70% respondents rated life insurance as “very important” to have. However, Only 53% of lapsed and 58% of non-users considered having life insurance as very important (vs. 82% of the users).



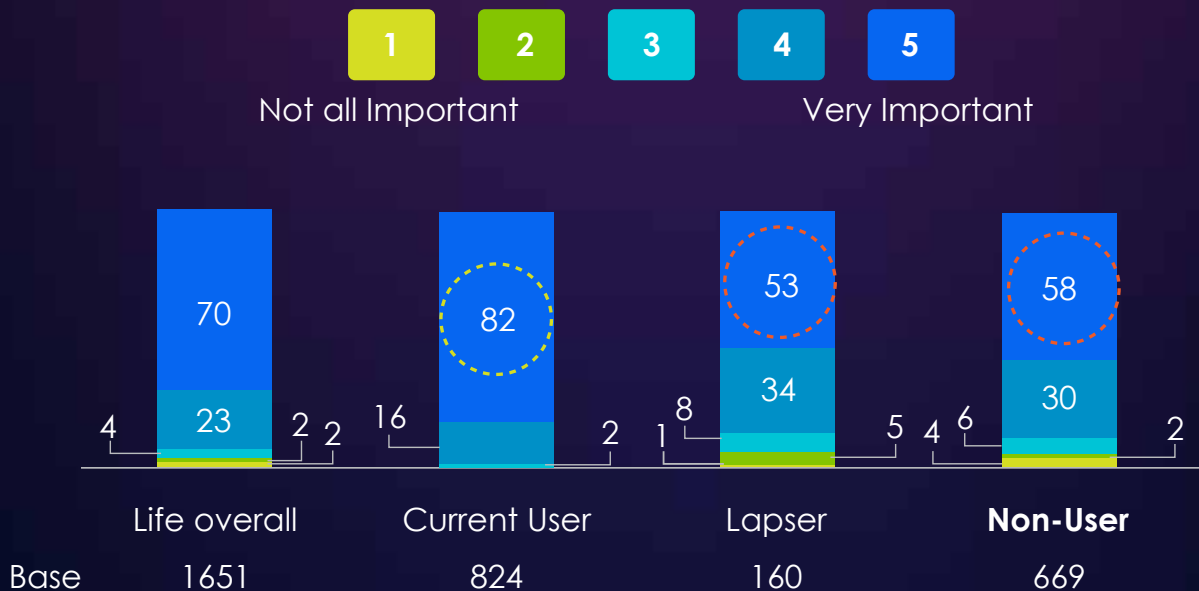
When my child was born , I started thinking about buying life insurance. I noticed these ads that said 1 crore cover for Rs. 500 premium. But then I learnt that in term insurance, you don't get any money back if you don't die. So, I am not sure still if I should buy a regular policy or term policy.



Male, 32 years, Life Insurance non-buyer, Kolkata

Figure 23: Importance of Life Insurance

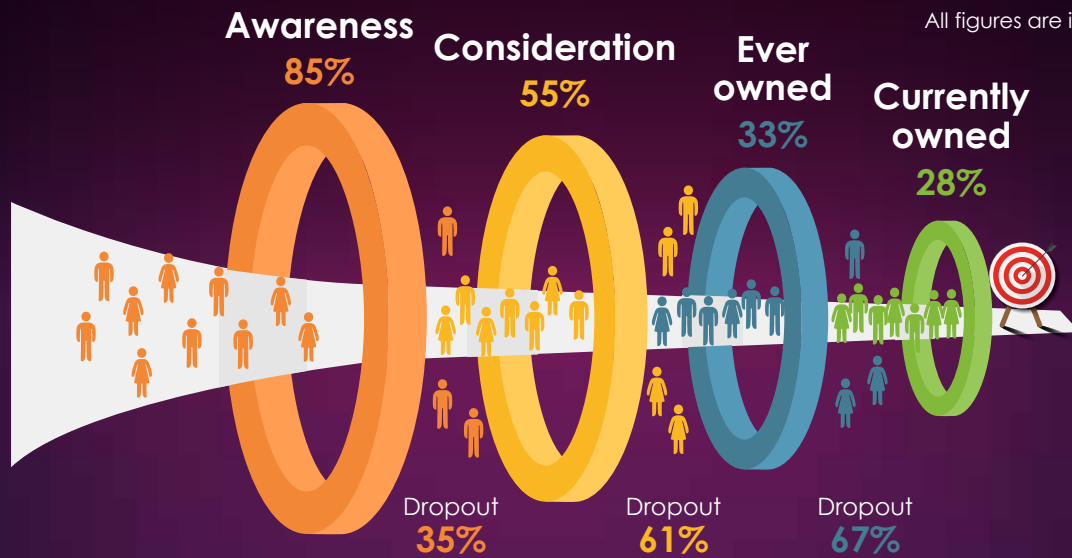
Base: All Respondents (1651)
All figures are in percentage



When we move down the funnel, 35% of those aware did not even consider purchasing a life insurance policy, while 61% never purchased a policy. 16% of those who purchased at some point ended up lapsing, taking the total drop from awareness to current ownership to 67%.

Figure 24: Awareness and Ownership Levels for Life Insurance

Base: All Respondents (1651)
All figures are in percentage



Similar to health insurance, the key barriers to purchase for life insurance were identified as:

- 1 Affordability issues (premiums high/ lack of sufficient funds)
- 2 Lack of sufficient understanding about the product
- 3 Procrastination (lack of urgency)

Figure 25: Reasons for Not Purchasing Life Insurance Policy

Base: All Life Non users (669)
All figures are in percentage

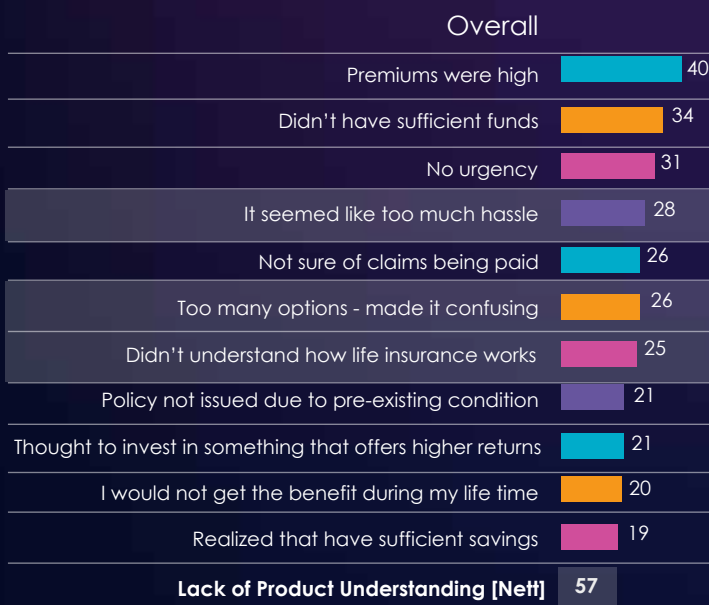
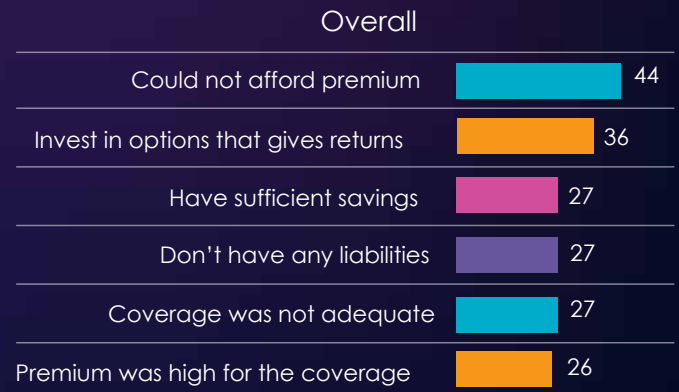


Figure 26: Reasons for Not Renewing Life Insurance Policy

Base: All Life Lapsers (159)
All figures are in percentage



Lack of affordability and a desire for higher returns were the top reasons for lapse among life insurance lapsers.

#2 Those born after 1990 lagged in life insurance ownership. Interest increasing gradually.

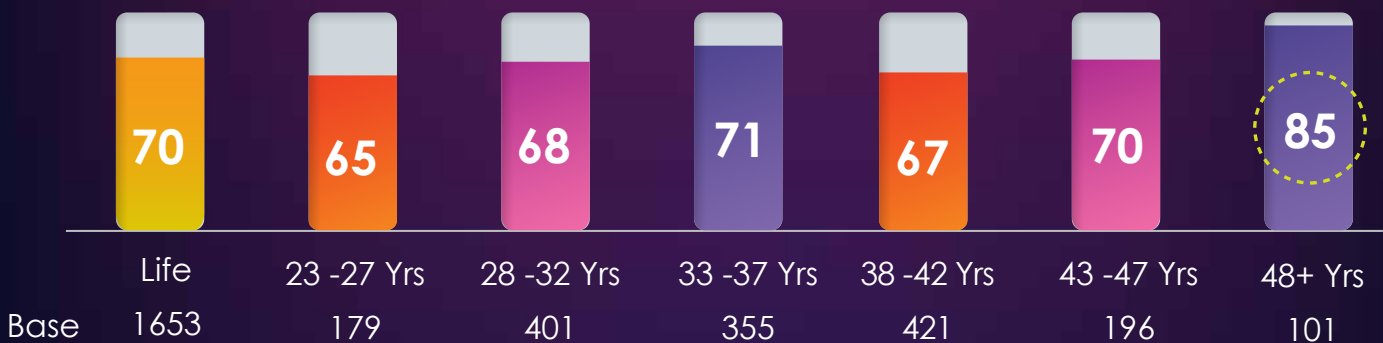
The survey also revealed that respondents older than 48 years of age tended to recognise the importance of life insurance significantly more than those younger. This is despite the fact that:

- 1 It is more difficult to get a life insurance policy at a higher age, given the decline in health parameters
- 2 The premiums get dearer, which makes it less affordable for most people

This clearly indicates a need for education in the larger population.

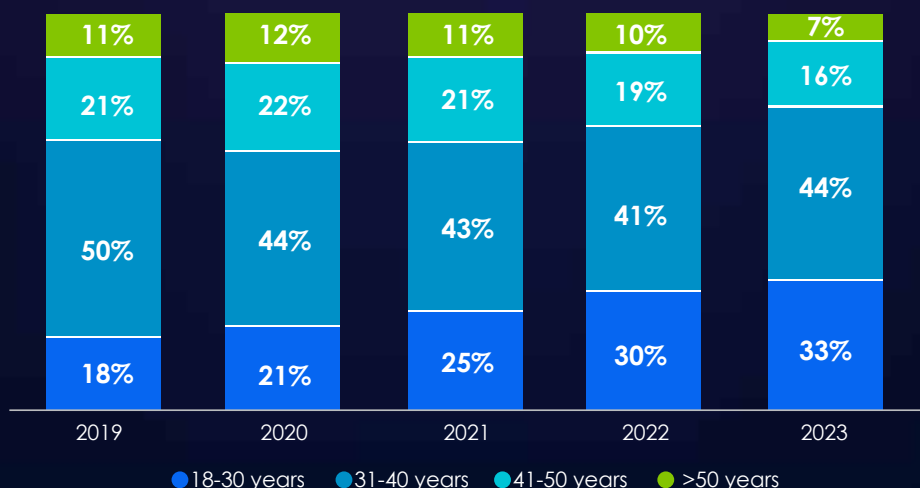
Figure 27: Importance of Life Insurance by Age Groups

Base: All Respondents (1653)
All figures are in percentage



When we looked at the interest shown in term life insurance products in the last 5 years by age groups, across Policybazaar data, we saw a positive development here. The proportion of people in 18-30 year of age group who showed interest in buying term life insurance increased from 18% in 2019 to 33% in 2023, growing at an CAGR of over 15%. Doubling down on this change should help reduce the protection gap in the longer run.

Figure 28: Interest shown in Term Life Insurance by Age Groups (2019-2023)



Source: Policybazaar data

policybazaar.com - An insights report

#3 Push still the top trigger for purchase consideration. Fear more influential than in the case of Health insurance but still not enough to induce purchase

As was the case when buying health insurance, a similar response to push was seen in case of life insurance. A large majority (85% respondents) were influenced by push-based triggers to consider purchasing life insurance. This means that people were more likely to consider buying life insurance when a friend or family member recommended it to them (54%), or an agent reached out to them (54%). However, unlike in case of health insurance, fear induced by watching others was as significant a trigger for life insurance consideration (53%). This could take the form of:

- 1 Watching family suffer in the absence of life insurance of a deceased family member (35%)
- 2 Watching a family feel secure because of a life insurance policy the deceased loved one purchased (34%)



My cousin's husband got Corona. They spent 1.5 crores on his treatment as he needed organ replacement. She had to take loan also. Despite all that, he could not survive. Now my cousin is under huge debt and has kids to look after. He died so young. It was scary. I and my wife then thought we should have life insurance for our kids. You never know what future has in store.



Male, 38 years, Life Insurance buyer, Ludhiana

Figure 29: Triggers for Considering Purchase of Life Insurance

Base: All Respondents (1651)
All figures are in percentage



The role of trust and education in triggering life insurance purchase, thus, remains as important as we saw in the case of health insurance. Looking at the triggers for those who purchased an insurance policy (current user) vs. those who did not, even after consideration (non-user), we saw a similar trend.

» 59% of those who owned a life insurance policy had been influenced by an agent vs. 49% of those who did not purchase the policy.

» A higher proportion of non-users tended to be triggered by fear of COVID (40% vs 17% current users). While fear induced them to consider purchasing a life insurance policy, it was not a strong enough trigger to induce purchase.

Figure 30: Triggers for Considering Purchase of Life Insurance in Current Users

Base: All Respondents (1651)
All figures are in percentage

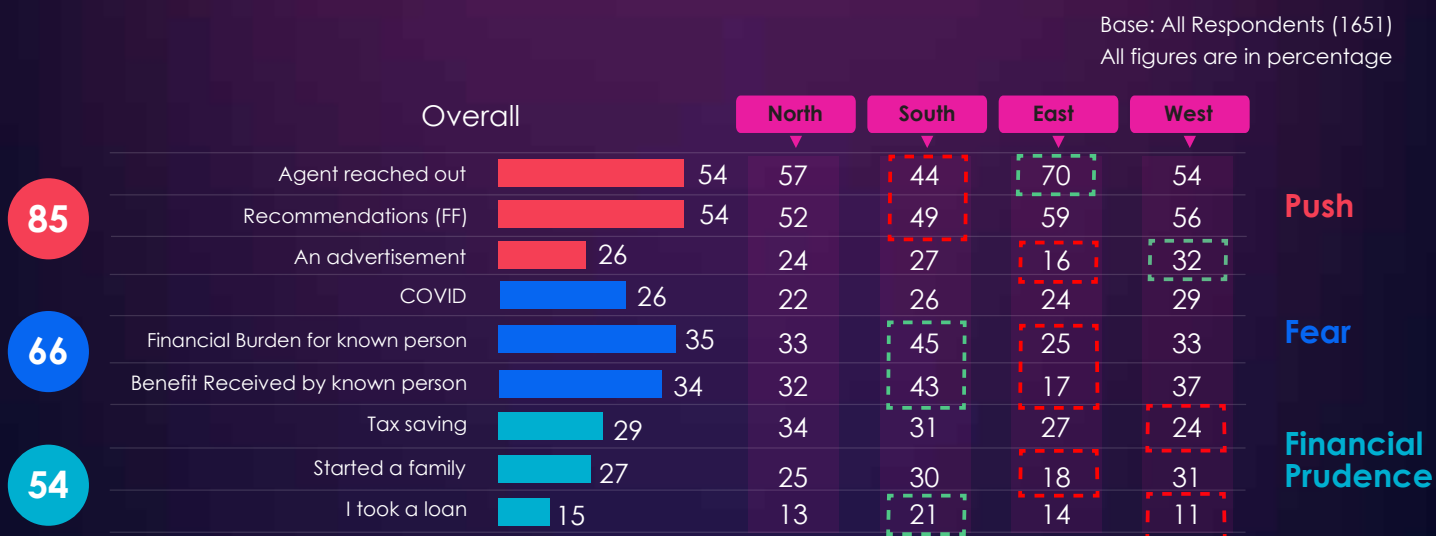


#4 Fear and financial prudence higher in the South.

When it comes to life insurance triggers, we did not see a significant difference in the West compared to India overall.

However, the behavior remained similar in the South. South was more affected by watching others suffer in the absence of a deceased loved one (45% vs 35% India average) or feel safer due to the life insurance payout (43% vs 34% India average). Even though loan liabilities had the least role in influencing purchase consideration for life insurance across India (15%), it was significantly higher in the South (21%) than in the other parts of the country.

Figure 31: Triggers for Considering Purchase of Life Insurance in Current Users by Region



People in the South seem to be more intrinsically driven to ensure financial security through life insurance than those in the other regions of the country.

As in the case of health insurance, here too, financial prudence seemed to be a function of relative exposure. Aspects such as tax-saving, starting a family, or taking a loan tended to trigger more people in the Metros, followed by tier 2 cities and tier 3 cities respectively, to consider purchasing life insurance.

Figure 32: Triggers for Considering Purchase of Life Insurance in Current Users by City Tier

Base: All Respondents (1651)
All figures are in percentage



#5 A large majority don't just rely on word-of-mouth but validate online before making life insurance purchase

Like in health insurance, recommendations from friends and family played an important role in not just triggering consideration but also during other steps of the life insurance buying journey.

61% of respondents relied on their friends and family as a source of information on life insurance and policy recommendations. Even in cases where respondents trusted their agents for recommendations, over 51% respondents did so because someone they knew had recommended the agent.

However, 83% respondents also looked online for information before making the purchase decision.

My friend's husband is an insurance agent. He keeps talking about how insurance is important for the middle class. We don't have much savings... We bought a policy that will return the money we pay when the policy ends if nothing happened to us. If something happens to me or my husband, then family gets Rs. 50 lac.

Female, 29 years, Life Insurance buyer, Bhubaneswar

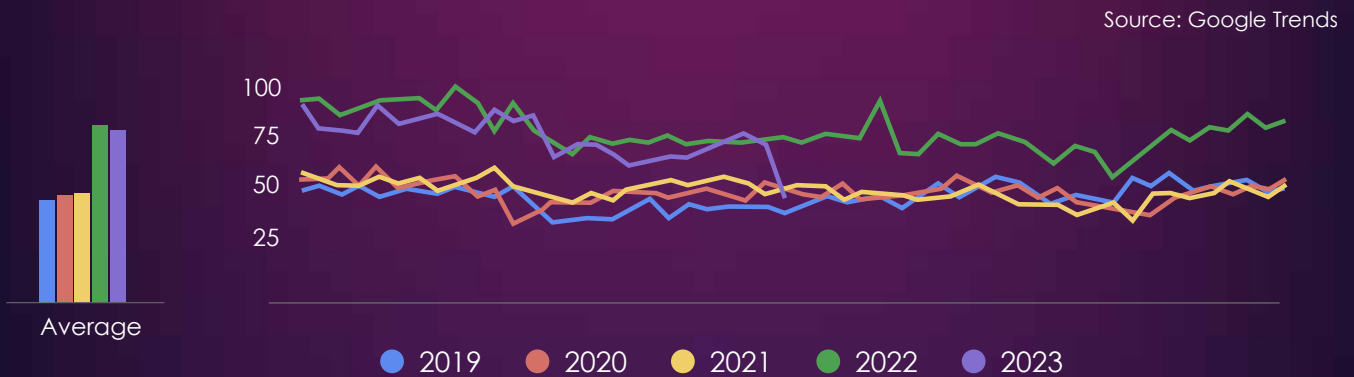
Figure 33: Information Sources for Research



Here too, Google and YouTube formed the core of online search with 66% respondents citing browsing through them to get more information on life insurance. Insurance-specific websites (Insurance company or insurance comparison websites) were used by 47% respondents pan-India.

A review of the Google search trend for life insurance also indicates an increasing interest in the category.

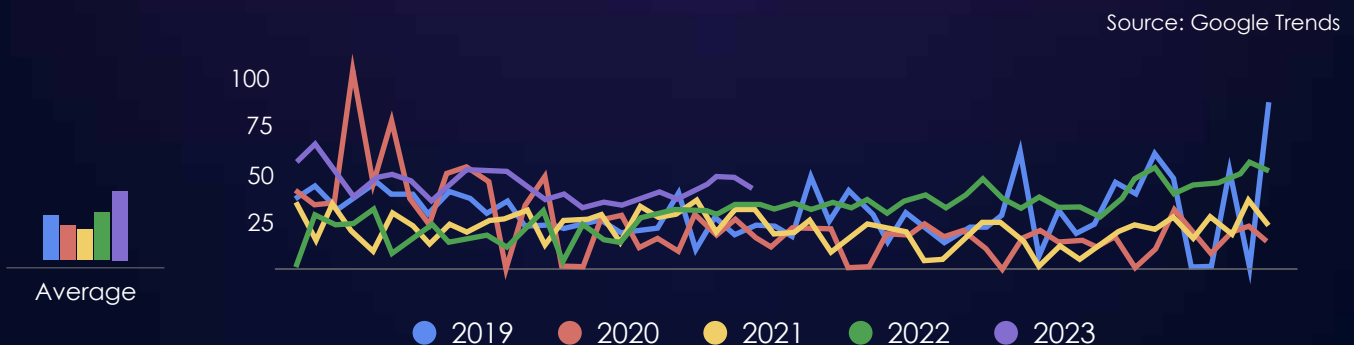
Figure 34: Google Search Trend for Life Insurance^{1,2} (2019-2023)



However, both health and life insurance searches are heavy on branded keywords. When we dived a little deeper to understand the category searches for pure life insurance (term insurance), we saw a slightly different user behaviour. Term insurance category also saw strong growth in 'awareness' related interest³ with a 50-100% YoY growth in terms like: 'is term insurance covered under 80c', 'term insurance comes under what section', 'टर्म लाइफ इंश्योरेंस क्या है', 'term life insurance tax benefit', 'zero cost term insurance'

Specifically on YouTube, top growing queries include higher share of non-binary, product understanding linked upper funnel queries³ e.g., 'term insurance kya hota hai', 'term insurance kya hai', 'what is zero cost term insurance', 'what is term insurance'

Figure 34a: YouTube Queries Trend for Term Insurance^{1,2} (2019-2023)



Note: ¹2023 data is YTD (June 25, 2023); ²Numbers represent search interest relative to the highest point on the chart for the given region and time. A value of 100 is the peak popularity for the term. A value of 50 means that the term is half as popular. A score of 0 means there was not enough data for this term; ³Based on observation in top & rising terms from 2021 & 2023

#6

Comparison websites top channel for research in the South

The use of online channels for research on life insurance was slightly lower in the East as significantly more of them relied on WoM.

Some differences were also observed in the online search behaviour across regions. A significantly higher proportion of respondents in the South (63%) relied more on insurance-specific websites (incl. insurer websites and policy comparison websites) vs. 47% across India. A higher proportion of those in the West used general search across Google and YouTube (79% vs. 66% all-India average).

Figure 35: Information Sources by Region

Base: All Respondents (1651)
All figures are in percentage

	Overall	North	South	East	West
F & F Advise	61	57	58	67	64
Agent	52	54	45	59	53
Google Search	50	38	42	47	67
Comparison Website	47	43	63	22	50
YouTube Videos	42	39	44	39	44
Online Articles	30	23	41	17	31
Bank	27	16	32	24	30
Online [Nett]		77	83	71	95
Offline [Nett]		82	83	93	89
Google/YT [Nett]		57	62	60	79

66% claim to have used Google / YT medium for search

#7

Price-coverage trade-off plays a key role in life insurance purchase, followed by brand

Price value equation was highly important for both buyers and non-buyers of life insurance. When evaluating which life insurance policy to purchase, nearly half of the respondents looked for high coverage at low premium. The next closest was the brand name at 39%, followed by claim settlement ratios and time taken in settling claims (30% each).

Figure 36: Evaluation Parameters for Purchase

Base: All Health Purchasers [982]
All figures are in percentage

	Overall	North	South	East	West	Metro	Tier 2	Tier 3
High Coverage at low Premium	49	45	39	62	53	47	49	54
Brand Name	39	52	34	44	29	43	31	40
High Claim Settlement Ratio	30	28	30	26	36	35	25	30
Time for Settling Claims	30	29	27	27	37	32	29	28
Dedicated Support for Claim	27	25	28	20	33	31	21	29
Financial Strength of insurer	27	20	30	28	26	32	22	23
Income Tax Saving	25	27	26	31	18	25	28	21
Ease of Application	22	28	25	19	17	25	20	20

While price sensitivity was significantly higher in the East and slightly higher in Tier 3 cities than across the rest of the country.

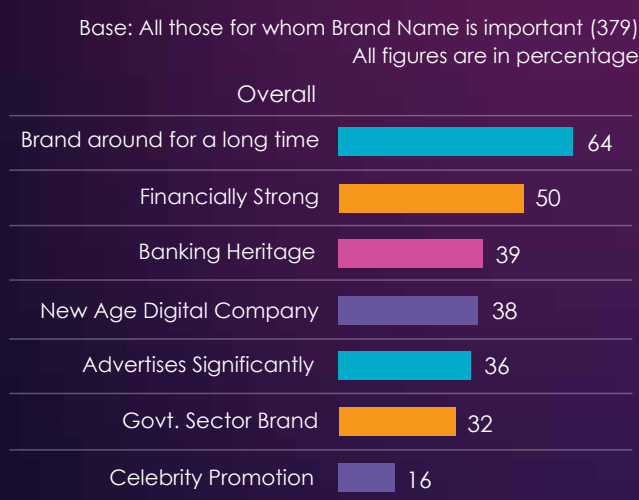
Brand consciousness was higher in the North, similar to that for health insurance. Brand was the top evaluation criteria for respondents in the North (52%), followed by high coverage at low premium (45%).

#9 Brand continuity and financial strength determine brand value for life insurance purchase

Brand continuity and financial strength were the two key criteria that earned the brand its appeal for life insurance. Most respondents (64%) trusted brands that have been around for a long time and seemed a financially strong brand (50%).

Unlike in health insurance, brand presence in related sectors did not play as big a role while selecting a life insurance.

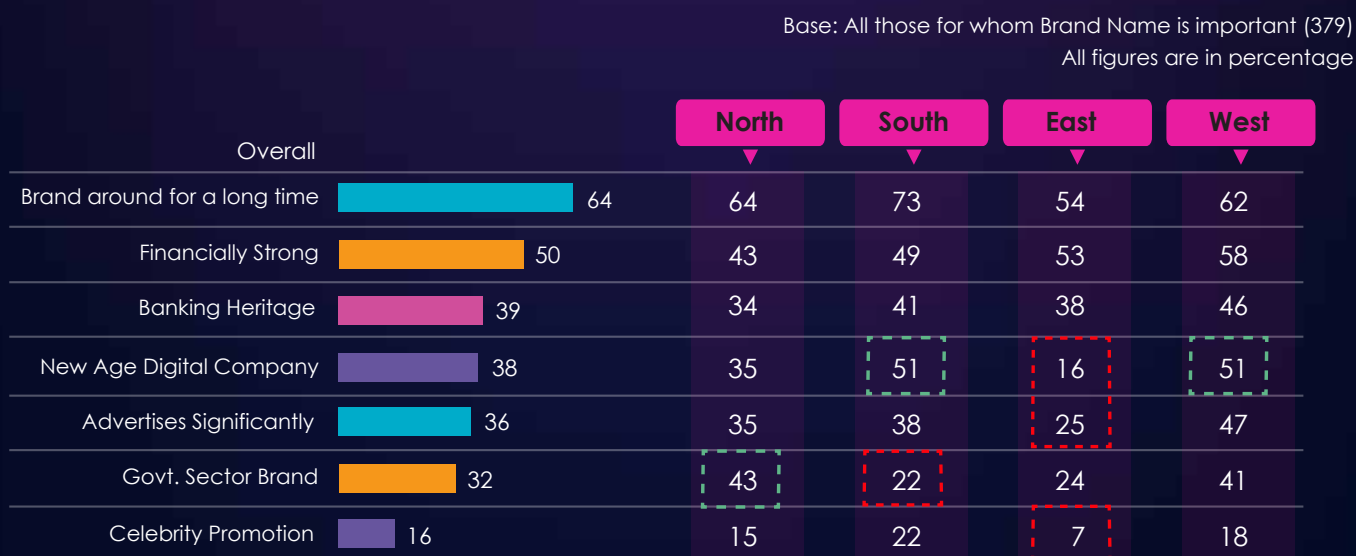
Figure 37: Aspects that Matter in a Brand



As long as the brand was strong from any of the aforementioned perspectives, it did not matter much if it was a Govt. or a private sector brand for 68% respondents across regions, with the exception of North.

A higher proportion of respondents in the South (51%), West (51%) and metros (49%) also found new-age digital companies appealing (versus 35% across India).

Figure 38: Aspects that Matter in a Brand by Region



#10 Agent remained the top channel for life insurance purchase as well. Trust on agent based on personal relationship/ physical presence rather than on experience

Similar to the trend seen in case of health insurance, the majority of respondents ended up buying the life insurance policy offline.

Looking at the IRDAI data on channel-wise distribution of sales of individual life insurance policies (new business), we see a similar trend of a majority share still being sold by offline agents

Figure 39: Channel of Purchase

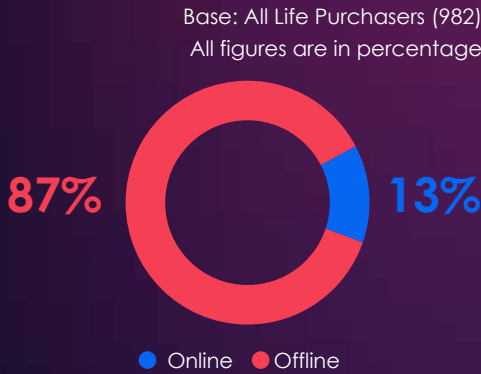


Figure 40: # of Policies Issued by Agents¹ in 2021-22

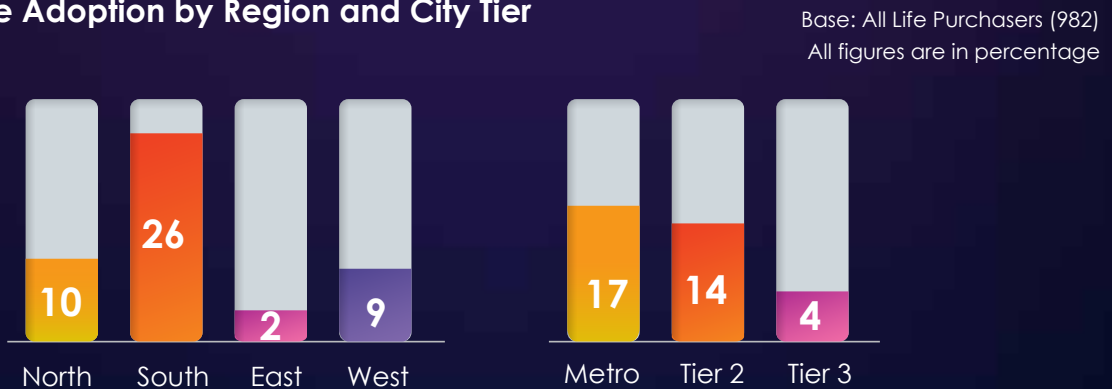


Source: IRDAI

Note: ¹Individual, micro and corporate agents; ²Others include online as well as offline sales by banks, insurance companies and brokers

Online adoption was higher in the South, metros and Tier 2 cities.

Figure 41: Online Adoption by Region and City Tier

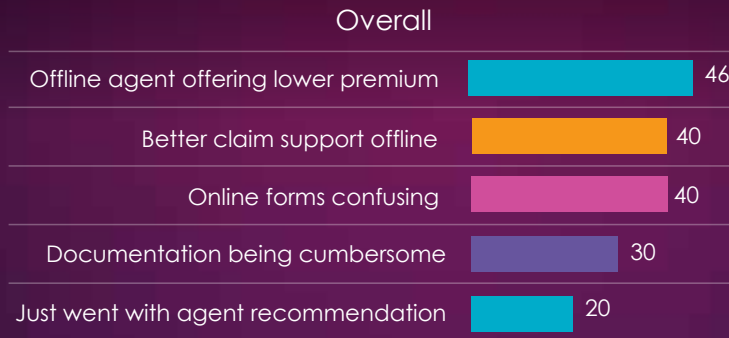


The key cited reasons respondents prefer buying offline/ through agents remained the same as those for health insurance:

- 1 Promise of lower premiums (46%)
- 2 Expectation of better claim support (40%)
- 3 Confusion and difficulty in filling in online forms (40%)

Figure 42: Barriers to Online Purchase

Base: All Life Offline Purchasers (855)
All figures are in percentage



Again, trust had a big role to play in the belief of agents' claim of lowest price. Few respondents ended up checking the premium offered elsewhere for the recommended policy by the agent.

Similarly, the expectation of better claim support offline was rarely based on actual claim experience (of self or someone known). Physical proximity and personal relationships with the agents instilled the trust of better support at the time of claim.



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