



## India Protection Quotient jumps to 43 with security levels restored to pre-pandemic era; shows steady progress from 35 in 2019: Max Life's India Protection Quotient 5.0 survey

### Key findings of the survey

- *South India blazes ahead of all zones in Protection Quotient with 8 out of 10 owning life insurance*
- *Term Awareness at an all-time high of 64%, but uptake remains an area of concern*
- *The need for medical tests & poor seller service emerge as strong barriers for term purchase*
- *While fewer Indians think of term plans as expensive, premium still remains top-of-the-mind criteria*
- *Life insurance ownership increases significantly amongst working women*
- *Urban India's self-employed still lag in financial awareness and protection levels compared to salaried*
- *Digitally-savvy urban India's Protection Quotient crosses halfway mark in journey towards financial protection*

**23<sup>rd</sup> January 2023, New Delhi:** Max Life Insurance Company Ltd. (“Max Life”/ “Company”) today unveiled the findings of the fifth edition of its flagship survey **India Protection Quotient survey (IPQ)\*** conducted in partnership with KANTAR. Celebrating its 5<sup>th</sup> edition, the study has captured the financial journey of India over the past 5 years, setting its foundation as a reliable indicator of India's financial protection and preparedness. First launched in 2019, the study was also conducted in the most uncertain and challenging times during the COVID-19 pandemic, and has so far reached out to more than 30,000 respondents in seven different surveys.

Beginning with a Protection Quotient of 35 in 2019, India has come a long way. As per the latest edition of the survey, urban India showcased a positive movement, climbing up 8 points on the Protection Quotient to 43 (as per IPQ 5.0) from IPQ 1.0 – signaling steady progress in the country's overall financial protection levels. The survey also revealed that the degree to which urban Indians are aware about life insurance products or the Knowledge Index moved up from 39 (in IPQ 1.0) in 2019 to 57 and life insurance Ownership Levels increased by 800 bps from 2019 (IPQ 1.0) to 73%.

Against the backdrop of a waning pandemic, the survey highlights a massive recovery in Security Levels; it is observed to be steadily coming back to pre-pandemic levels- starting from 66% in IPQ 1.0 to an all-time-low of 57% during the pandemic, and back to 63% in this edition.



According to IPQ 5.0, with respite from health-related worries, urban India has begun reprioritizing investments in savings plans for life insurance showcasing sustained growth in ownership – up from 24% in IPQ 1.0. to 38% in IPQ 5.0, while term plan<sup>1</sup> adoption rates have grown ~50% in 5 years.

Commenting on the launch of IPQ 5.0, **Prashant Tripathy, Managing Director and CEO, Max Life Insurance** said, “We initiated the India Protection Quotient survey five years ago with the endeavor to understand India’s behavior and outlook towards financial protection – an important metric in determining the resilience of the nation. Since then, the India Protection Quotient survey has evolved into a financial health indicator, effectively enabling Max Life and the life insurance sector uncover the pulse of the nation on financial preparedness.”

He further commented, “This year, we see urban India transition to a more secure space, as health anxieties take a backseat. Additionally, while India has begun recognizing the real value of term insurance, ownership remains an area of challenge that the life insurance industry will need to work hard to address. While the current findings of study instill confidence in India’s trajectory towards financial independence, a challenging journey lies ahead of us, one that will be marked by the lessons of the past as well as insights that will shape the future of the country’s life insurance sector.”

**Soumya Mohanty, Managing Director and CCO, Kantar Insights, South Asia** commented on the results of the survey, “As a flagship survey, the India Protection Quotient study has played an instrumental role in serving as a valuable study that explores key consumer insights with a statistical lens. We are pleased to be partners of Max Life in their endeavor to increase awareness of life insurance and ensuring financial resilience in the nation.”

The following findings reveal insights that highlight urban India’s shift in attitude and approach towards financial preparedness studied by India Protection Quotient 5.0:

#### **FINANCIAL PREPAREDNESS OF URBAN INDIANS**

- **Highest progress seen in awareness of life insurance products with more than 45% rise in Knowledge Index since IPQ 1.0; life insurance Ownership grows and reaches all-time high of 73%**

In a positive, urban India has made huge strides in Knowledge Index over the past five years. While the survey noted a change from 71% to 73% in life insurance Ownership from IPQ 3.0, the heightened awareness across categories is reflected by improved Ownership of products including term (30%), market-linked (13%) and savings plans (38%).

- **South zone celebrates 5 years of undisputed #1 rank in Protection Quotient, however, yet to cross the halfway milestone; metros and Tier 1 cities close the gap on life insurance ownership**

IPQ 5.0 noted a marked increase in Protection Quotient for South zone from 41 to 47. West zone stands second with 42 points, followed by North and East by 40 and 39 respectively. Tier 1 cities make strides

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<sup>1</sup> Disclaimer on financial products - <http://bit.ly/3D3lioy>



in life insurance adoption with 7 out of 10 people now owning a life insurance product. This is significantly lower than metro. Tier 2 towns have witnessed a drop of 3% in their Knowledge Index thus highlighting the need for better awareness about life insurance products.

- **Digitally savvy urban Indians most secured and protected**

IPQ 5.0 once again highlights the lead digitally savvy urban Indians command when it comes to Knowledge Index (72), Ownership (79%), as well as Security Levels (66%). Digitally savvy urban India's overall IPQ of 52 is 9 points higher than urban India which is still at 43.

### **ANXIETIES AND OUTLOOK TOWARDS FINANCIAL PROTECTION**

- **Signalling a shift in priorities and investment patterns, urban India regains focus on investing in long-term milestones**

Saving for children's education and marriage emerge as top priorities for long-term savings objectives at 60% and 49% respectively, while only 20% setting aside money for medical emergencies. This is in contrast to IPQ 3.0 wherein 31% of respondents focused on saving for health emergencies.

- **Luxury spends reset to pre-COVID levels with overall allocation towards Savings taking a hit**

A visible shift from IPQ 3.0, luxury spends and buys mirror pre-COVID trends, making up 15% of overall applications. Expenditure on basic needs consistent with previous survey, while allocation to savings and investments take a hit – dipping by 7 points from 50% in IPQ 3.0 to 43% in IPQ 5.0.

### **OUTLOOK TOWARDS TERM INSURANCE**

- **'Real value' of term insurance reinforced, however, urban India yet to act: term insurance ownership remains stagnant while awareness sees marked improvement**

Urban India warms up to term insurance taking a better interest in awareness about the product. This is reflected in the record-high term insurance awareness level of 64%, a 5%-point increase from IPQ 3.0. However, term insurance ownership remains to be an area of concern with only 30% adoption rates as opposed to 28% in IPQ 3.0 – denoting a 2% increase.

- **Fewer Indians perceive insurance as 'expensive' as urban India switches its attention to seeking better experience and services; Sum assured, and rider benefits get de-prioritized**

While premium remains a key parameter for buying term plans, IPQ 5.0 findings reveal its diminishing importance in purchase decisions, showcasing a drop from 33% in IPQ 3.0. to 28% in IPQ 5.0. Medical tests and poor service from insurance company or agents emerge as strong barriers for term insurance adoption. Alarming, sum assured, and rider benefits lose importance in the minds of urban Indians – a key insight reflected in the study.

- **1 in 2 Indians still feel their term insurance cover is insufficient to safeguard their family's future**



IPQ 5.0. reveals that almost 50% of urban Indians are still not confident about the adequacy of their term insurance coverage when it comes to protecting their loved ones from life's uncertainties. However, feeling of insufficiency is observed to be the lowest in 5 years on the back of rising Security Levels.

- **India's Tier 1 cities gain ground and show real progress in Term Insurance ownership—beat Metros for the first time in five years**

For the first time in IPQ's history of five years, Tier 1 cities demonstrate the highest term insurance ownership at 38%, an impressive 8%-point increase from IPQ 3.0, outpacing the term ownership rate of metros that stood at 29%. Metro term ownership witnessed a decline of 4%-point from IPQ 3.0 – indicating room for improvement.

- **Steady progress seen in preference of online channels to purchase term insurance; agent remains the top channel of purchase with 2 out of 3 urban Indians opting for it**

70% urban Indians prefer to purchase term plans through the insurance agent, while 16% prefer to purchase online, highlighting the importance of both 'DIY' and agent support for consumers. The survey shows that digital has come a long way to 16% since IPQ 1.0 where only 6% preferred it

#### **MILLENNIALS & NON MILLENNIALS**

- **The gap between millennials and non-millennials gradually narrows**

The Protection Quotient of millennials was at par with non-millennials at 43. Additionally, the awareness of life insurance products was equal between the two cohorts, standing at 57%. As non-millennials transition towards crucial life stages, their focus on financial protection solidifies with life insurance ownership rate shooting up from 73% to 77% - overtaking adoption rates of millennials, that stood at 71%.

#### **MEN & WOMEN**

- **While men lead in term plan ownership, uptake among women witnesses a sharp increase**

The survey witnessed a marked increase in the Protection Quotient for women, from 36 in IPQ 3.0 to 40 in IPQ 5.0. While life insurance ownership stood at 74% for men and 71% for women, men continue to take the lead over women in term insurance with 31% ownership. However, women are quickly catching up with heightened awareness of term plans – up from 52% in IPQ 3.0. to 58% coupled with increased term insurance ownership - up from 22% in IPQ 3.0. to 27% in IPQ 5.0.

#### **SALARIED VS SELF-EMPLOYED**

- **Protection Quotient increases for both salaried & self-employed; salaried segment focuses on seeking financial protection through life insurance**



Protection Quotient of salaried individuals increased from 41 to 48 in IPQ 5.0, overtaking the self-employed segment which has increased from 39 to 42 owing to the far-reaching impact of the pandemic on the business continuity. Realizing the importance of financial protection, the salaried segment responded to the health crisis in recent years placing greater importance on life insurance adoption with ownership of life insurance rates up from 72% in IPQ 3.0 to 81% in the latest edition.

### **About India Protection Quotient**

Instituted in 2019, India Protection Quotient is an annual property by Max Life Insurance in association with Kantar aimed to understand the pulse of the Indian consumers in the financial protection space. Launched with the underlying objective to increase penetration of Term insurance as the most fundamental and economical form of life insurance, the survey aims to reveal the state of urban Indians with regards to current financial security levels, changing savings & investment patterns, key anxieties & triggers of financial protection in a contemporary world. India Protection Quotient is a proprietary tool developed by Max Life in partnership with Kantar to gauges the degree to which Indians feel protected from future uncertainties on a scale of 0 to 100. It is based on the attitudes, mental preparedness around future uncertainties, awareness, and ownership of life insurance product categories (Term, endowment and ULIP).

### **Disclaimer:**

*The study is conducted in top 25 Urban metro, Tier 1 and Tier 2 cities; hence, its findings are representative of metro, Tier 1 and Tier 2 cities of Urban India only.*

- *Metro – Delhi, Kolkata, Chennai, Bangalore, Hyderabad, Mumbai*
- *Tier 1 – Ludhiana, Jaipur, Lucknow, Patna, Bhubaneswar, Vizag, Ahmedabad, Bhopal, Pune*
- *Tier 2 – Dehradun, Moradabad, Guwahati, Bokaro, Kolhapur, Jamnagar, Raipur, Ujjain, Hubli-Dharwad, Tiruchirappalli*
- *IPQ 5.0 vs IPQ 3.0 data comparison is amongst 25 markets only [6 metros, 9 Tier 1 and 10 Tier 2]*
- *The minimum sample to conclude any findings of the study is 270 with an error margin of +/-5.964%*
- *IPQ 5.0 has been compared with IPQ 3.0—both physical format surveys. IPQ 5.0 Digital has been compared with IPQ 4.0 Digital—both online format surveys*

### **About Max Life Insurance ([www.maxlifeinsurance.com](http://www.maxlifeinsurance.com))**

Max Life Insurance Company Limited is a Joint Venture between Max Financial Services Limited and Axis Bank Limited. Max Financial Services Ltd. is a part of the Max Group. Max Life offers comprehensive protection and long-term savings life insurance solutions, through its multi-channel distribution including agency and third-party distribution partners.

Max Life has built its operations over two decades through a need-based sales process, a customer-centric approach to engagement and service delivery and trained human capital. As per public disclosures and annual audited financials for FY2021-22, Max Life has achieved a gross written premium of INR 22,414 crore.



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### **About Kantar**

Kantar is the world's leading evidence-based insights and consulting company. We have a complete, unique, and rounded understanding of how people think, feel and act; globally and locally in over 90 markets. By combining the deep expertise of our people, our data resources and benchmarks, our innovative analytics and technology, we help our clients understand people and inspire growth.

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