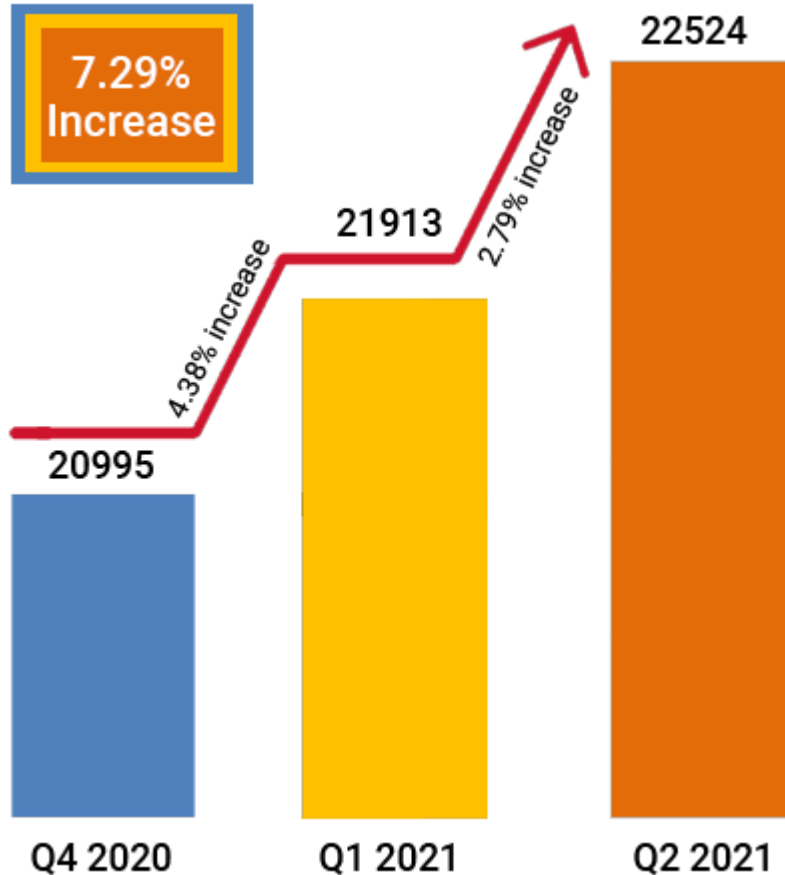




PolicyX.Com Term Insurance Price Index

**Analysis and Insights from Pricing of Term Insurance
from leading insurance companies in India.**

The Broader Picture

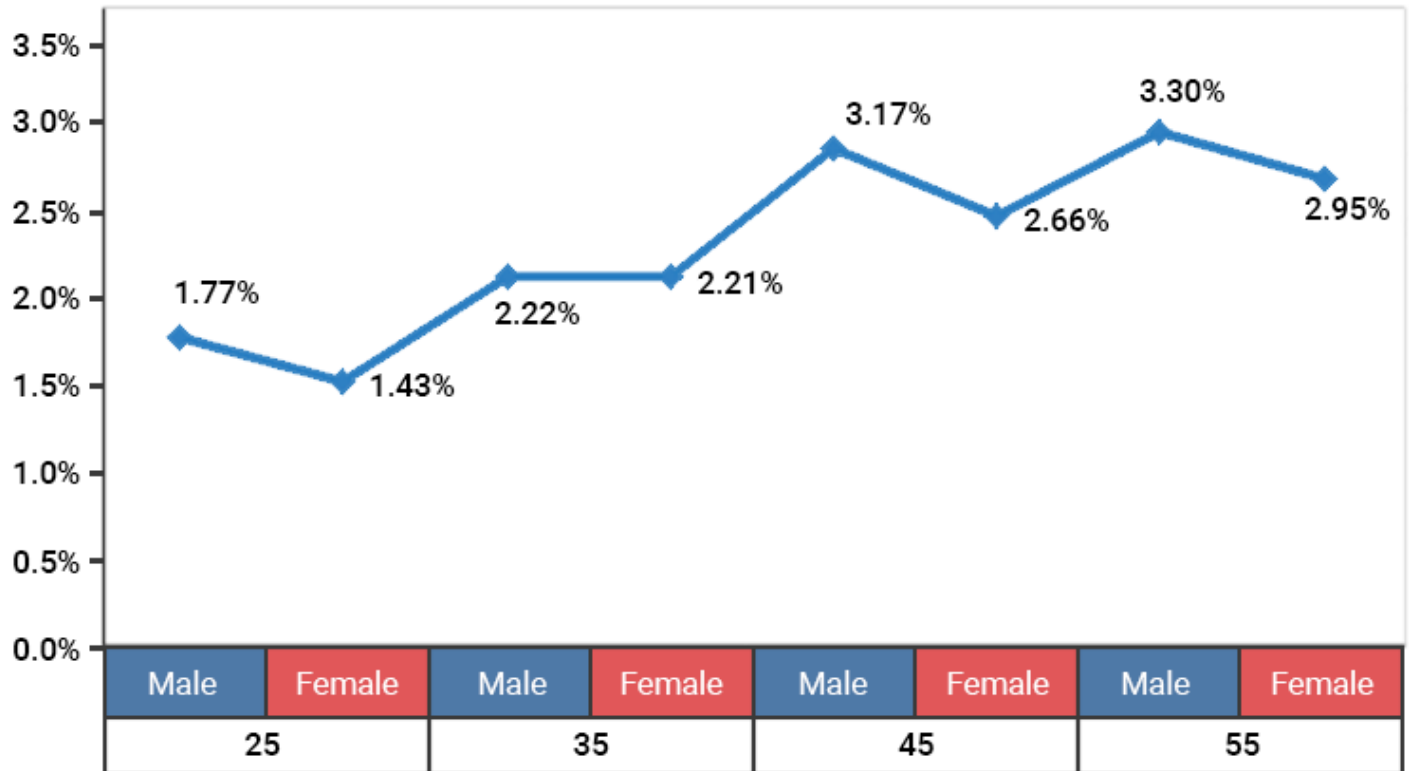


Cost of Term Insurance on the rise as Q2 2021 ends

The index price of term insurance increased by 2.79% from Rs. 21,913 in Q1 2021 to Rs. 22,524 in Q2 2021. Though, it is still lower than the 4.38% jump witnessed in the previous quarter. Overall, the insurance space in India saw a considerable 7.29% surge in the pricing of term insurance in the span of Q4 2020 to Q2 2021.

While the average annual premium payable for a sum assured of Rs. 1 Crore was Rs. 28,274 in the recent past, it has now increased to Rs. 29,007, as of Q2 2021. Please note that this is an illustrative example based on multiple variables such as age, gender, and tobacco usage. Actual values will differ materially as per the plans chosen and personal information.

Noticeable Shifts in Pricing per Age & Gender in Q2 2021



Premiums tend to vary significantly based on the age of the buyer. The lower the age, the lower is the premium. In the latest quarter of 2021, premium prices have witnessed growth in a relatively similar fashion across all age groups. Notably, males in the age bracket of 55-years saw the premiums increase by 3.30%, the highest jump among all age groups. On the other hand, the average premium for the female age group of 25-years increased from Rs. 8,575 in Q1 2021 to Rs. 8,698 in Q2 2021, accounting for the lowest hike at 1.43%.

Average Premium Pricing: Segment Wise Category

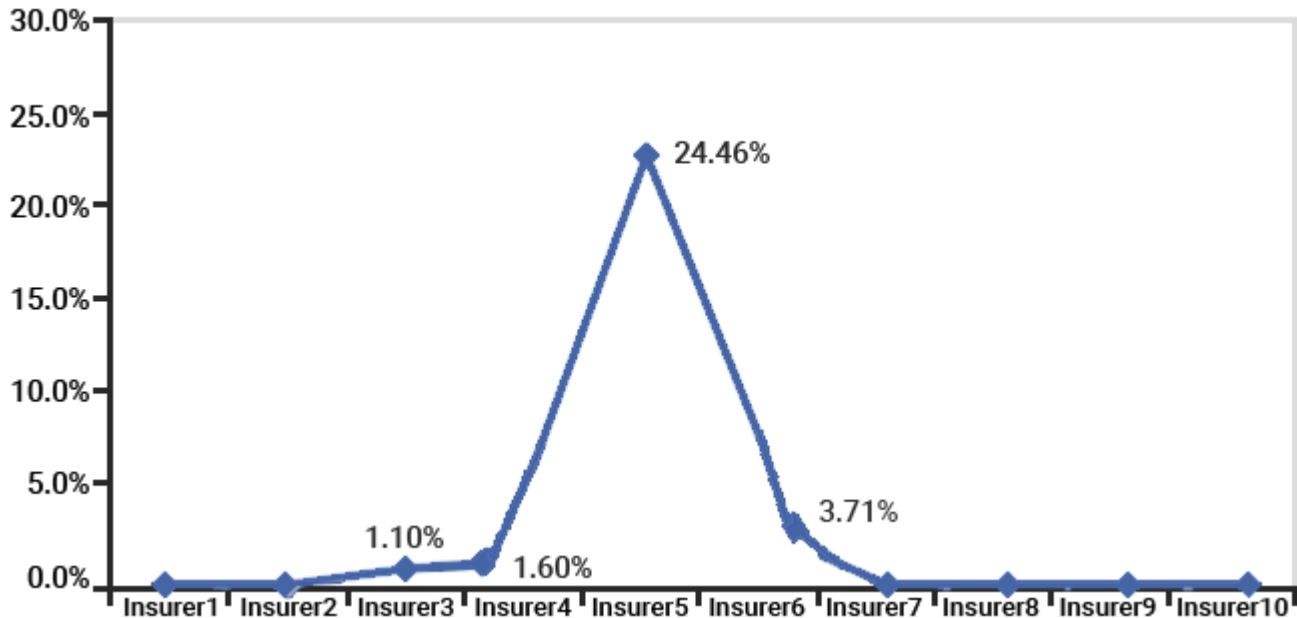
Life insurance companies tend to periodically update their premiums to establish a competitive edge over other players, while also ensuring that they are offering the most favourable pricing to potential buyers. The premiums indicated in the illustration are the average premium prices taken from the top 10 life insurance companies.

Currently, a non-smoker 25-year-old female has to pay an average of Rs. 5,360 for a life cover of Rs. 50 Lakhs and Rs. 8,889 for a cover of Rs. 1 Crore, annually. As is evident from the table, the premium increase is not particularly linear. Most life insurers offer discounts on high sums assured therefore, the premiums in some cases might be lower for a sum assured of Rs. 1 Crore than that for a cover of Rs. 50 Lakhs.

		50 Lac		1 Cr		Average Premium
Age	Gender	Non-Smoker	Smoker	Non-Smoker	Smoker	
25	Female	5360	7619	8889	12923	8698
	Male	5987	8691	10128	14864	9917
35	Female	7348	10926	12524	18846	12411
	Male	8583	13050	14860	22740	14808
45	Female	11947	18405	21136	32498	20997
	Male	14558	22624	26005	40845	26008
55	Female	20635	34195	38424	63970	39306
	Male	24974	41768	46926	78536	48051
Avg Premium		12424	19660	22362	35653	22524

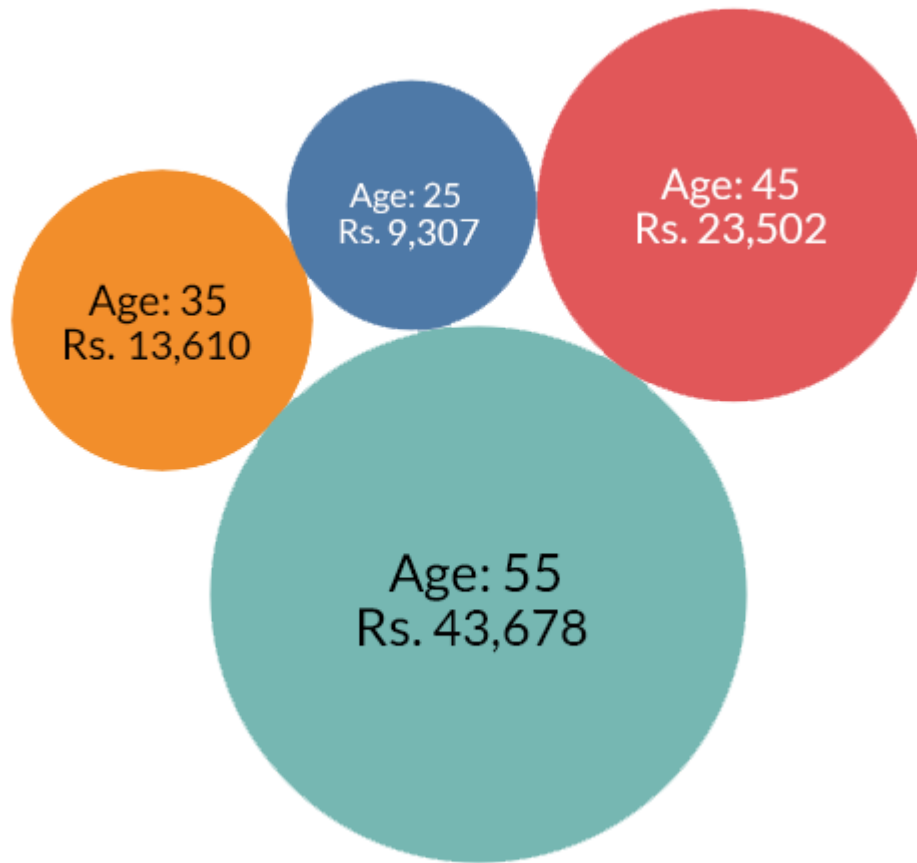
***Source:** Average prices have been determined from the leading 10 Term insurance companies in India. These prices are for illustration purposes & the actual price may vary depending on the insurer, age, gender, health condition, Sum Assured & Coverage type.

Average Premium Pricing: Insurer Wise Category



Of the 10 leading life insurance companies considered in this analysis, four insurers raised their premium prices in Q2 2021. The highest jump recorded was 24.46% and the lowest reported was 1.10%. Two other life insurers raised their premiums for term insurance by 3.71% and 1.60%. It is worth noting that the hikes have been considerably lower in this quarter as compared to Q1 2021. The other six insurance companies kept their premium prices the same as that in the last quarter.

Average Premium Pricing by Age



Delaying a term plan purchase can cost dearly

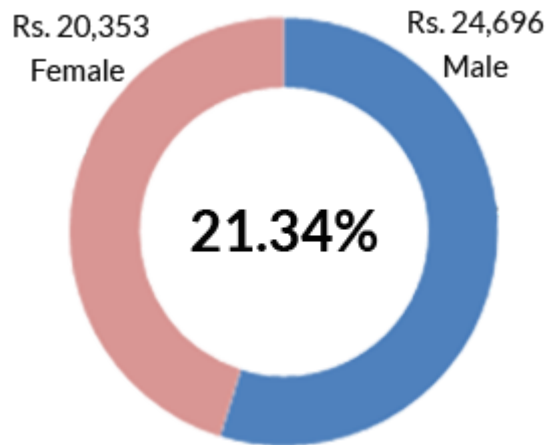
Premium prices increase exponentially as we age. Delaying a term plan purchase by 10 years costs on an average 46% higher for a 25-year-old and 73% higher for a 35-year-old. People above the age of 55 have to pay nearly 4.6 times more than what a 25-year-old is paying. Therefore, it is always better to enter into a term plan early and lock in the prices. Typically, people cover themselves up to the age of retirement.

Further, with the quarterly trend in the term insurance price index on the rise, it is now more crucial than ever to not delay the purchase of term plans any longer.

Following are the shifts observed in premiums payable at a difference of 10 years:-

Age Brackets	% Change in premium prices
25 to 35	46.22%
35 to 45	72.69%
45 to 55	85.85%

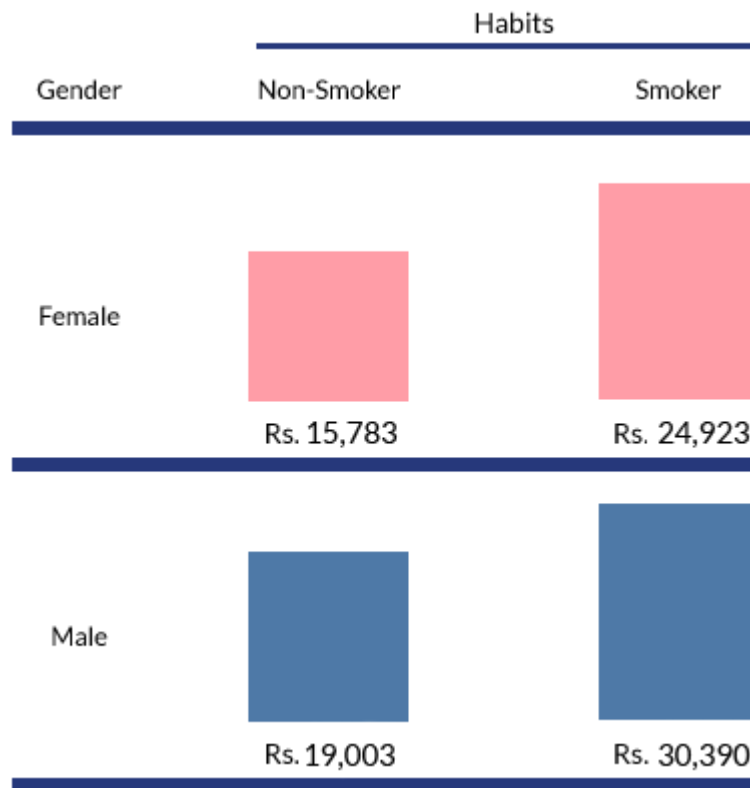
Average Premium Pricing By Gender



Insurance companies continue to perceive males at a higher risk than females. In fact, based on the global mortality rates observed by the World Health Organization, male mortality rates have been reported to be higher than females in the last few decades. Therefore, the average cost of a male insured is 21.34% higher than that for a female insured, in the case of a term plan.

Source: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC6345642/>

Average Premium Pricing by Smoking Status



Along with age and gender, the price of a term plan is also affected by smoking habits. On an average, male smokers pay 59.92% more than their non-smoking counterparts, while female smokers pay 57.91% more.

The highest impact has been observed in the 55-year age bracket. Males represented a 67.32% increase and females accounted for a 66.21% increase in regular premium prices for being smokers. The least affected group was 25-years-old females who observed a hike of 44.16% in their respective premium prices for being smokers.

Further, on an average, while a smoker male had to pay Rs. 29,430 as annual premium for term insurance in Q1 2021, the amount has now increased by nearly 3.26% to Rs. 30,390.

Index Computation Methodology

The prices and charts displayed above are based on the average premium prices of the top 10 life insurance companies in India in terms of their GWP. The companies considered in our analyses are LIC of India, SBI Life, HDFC Life, ICICI Prudential, Max Life, Bajaj Allianz Life, Aditya Birla Sun Life, Kotak Mahindra Life, Tata AIA Life, and Canara HSBC OBC Life.

The prices represent the average annual premium payable (as of the quarter ended June 2021) against a sample profile based on age, gender, and smoking status. In addition, the analyses also factor in the sum assured and the policy type (Term Insurance) for a comprehensive evaluation. It is important to note that the insurer's individual rate may vary depending on age, gender, health profile, sum assured & coverage type.

Want more information about the Price Index?



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For Feedback and suggestion: helpdesk@policyx.com