

## Max Life launches the rural edition of its India Protection Quotient 5.0 survey; Rural India's financial protection at 12 points

*Survey conducted in 113 villages across India*

### Key Findings of the Survey

- *Security levels of rural India clock at 38%; 7 in 10 proactive about financial planning*
- *Only 22% of the rural population owns life insurance products vs 73% ownership in urban India*
- *Savings objectives of rural India's population reflect commitment towards family; basic household expenses take up a majority of earnings*
- *Anxious about maintaining a lifestyle with current earnings; 3 out of 4 rural Indians feel their saving will exhaust over 10 years*

**March 22, 2023, New Delhi:** Max Life Insurance Company Ltd. ("**Max Life**" / "**Company**") has unveiled the findings of a first-ever **rural edition** of its flagship survey **India Protection Quotient survey (IPQ)\*** conducted in partnership with KANTAR, the world's leading marketing data and analytics company. The survey reveals valuable insights into the financial preparedness of India's rural population, shedding light on gaps seen between the urban and rural regions of the country, and the opportunities for boosting financial preparedness across the heartland.

As per the survey, conducted across 113 villages, rural India scored 12 points on the protection quotient scale, compared to 43 points achieved by urban India in IPQ 5.0 (conducted in Nov - Dec'22). The life insurance ownership gap is even more pronounced with only 22% of India's rural population owning life insurance products, compared to 73% across urban India. The low uptake can be primarily attributed to inadequate funds to buy life insurance (41%), high premiums (32%), and multiple buying formalities (24%).

According to the findings, the Knowledge Index in rural India stands at 27, even as a higher sense of financial security (38%) prevails. While saving for children's education and marriage emerged as top savings objectives, multiple anxieties around savings and expenditures for the future abound. In the survey, 3 in 4 participants expressed concern over the depletion of their savings over the next ten years, while 1 in 4 was unsure about the savings corpus needed for the future.

**Prashant Tripathy, MD & CEO, Max Life** said, "*India is taking positive strides towards more inclusive development, and the focus on building rural economy is becoming more imperative. We took our established IPQ study to 113 villages to understand how rural India plans its finances. While the life insurance penetration in India remains low, this study has helped in identifying the gaps and opportunities for the life insurance ecosystem, and avenues to collectively work towards creating a systematic, scalable, multi-pronged approach that can empower the rural people to achieve their financial aspirations.*"

The following findings reveal rural India's financial protection state and provide insights into its priorities and anxieties.

## FINANCIAL PREPAREDNESS OF RURAL INDIANS

- **Long journey ahead for rural India: Survey reveals stark urban-rural divide**  
The survey has shed light on a crucial issue plaguing the nation - the urban-rural divide. The findings reveal that rural India has a significantly lower score of 12 points on the Protection Quotient scale, as compared to urban India's score of 43, indicating huge opportunity areas in enabling financial protection. This disparity also highlights the urgent need to empower rural India's households to become better financially prepared. While the governmental push for 'Insurance-for-All' via schemes like Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY), Saral Jeevan Bima, and Pension Yojana, amongst others, and the same have seen greater success, it is via an effective public-private partnership that life insurance penetration can be enhanced in the country.
- **Rural India struggles across metrics of financial production: Large gap in awareness and ownership of life insurance products**  
The survey has highlighted that with a Knowledge Index of 27, rural Indians are less aware of life insurance products, while urban India's Knowledge Index was more than double at 57. However, the gap in financial security between urban and rural India was not as stark as other metrics, with security levels in rural India at 38% as opposed to 63% for urban India, indicating a respectable security outlook across the country.

## OUTLOOK TOWARDS FINANCIAL PROTECTION

- **Barriers to financial protection: High premiums and inadequate funds to invest in life insurance products**  
As per the survey, nearly half of rural India's respondents expressed concern over insufficient funds to purchase life insurance products. On the other hand, 1 in 3 cited 'high premiums' as a significant barrier in life insurance purchase, and 1 out of 4 respondents felt that the purchase process is cumbersome with multiple formalities. Similarly, 2 in 5 said they have not thought of buying life insurance to financially protect their families.
- **Rural India prefers savings products over term plans; however, the ownership of both savings and term plans alarmingly low**  
Consistent with the national trend of prioritizing savings over protection, rural households prefer savings instruments over term insurance plans. The awareness of savings and term plans was almost at par with 31% and 32%, respectively. However, the low ownership of savings products (9%) and term plans (12%) emerged as a cause for concern, showcasing an urgent need to bring in suitable products to enhance life insurance penetration in the country.

## SAVINGS AND SPENDING PATTERNS

- **Rural India's savings mindset: Preference for traditional asset classes like gold and fixed deposits becomes evident; Savings goals like kids' education and retirement gain focus**  
The survey has revealed rural India's inclination to invest in traditional financial products such as gold and fixed deposits. Heartening to know is that 83% of respondents are aware of government-backed schemes. Aligning with their commitment to saving for their families' futures, 64% of India's rural population showcased an inclination to save for their children's education, while 41% cited kids' marriage as a savings imperative.

- **Basic household expenses take up majority of Rural India's earnings**  
Rural India spends a major chunk of their income on basic expenditures with negligible allocation towards other discretionary expenses. The saving and spending pattern of rural India is different from urban India's saving and expense allocation. While rural Indians divert 55% of their earnings towards basic expenses, urban India allocates only 42% towards this non-discretionary category. Conversely, luxury expenses take up 15% of the urban Indian's income, while rural Indians only allocate 5% for such expenses. The gap in saving and investment remains low with urban and rural India allocating 43% and 39% of their earnings, respectively towards this spending class.
- **Rural India's anxieties towards increasing expenses and lowered savings**  
Anxieties surrounding the rapid depletion of savings remained consistent across rural India, with 3 in 4 respondents expressing concern about their savings diminishing in the next ten years. The survey has revealed that 6 out of 10 in rural India have started to cut down their expenses to keep up with rising prices, while 1 out of 2 is unable to manage daily expenses. Additionally, 1 out of 4 respondents were unsure about the corpus of savings needed for the future.

## **RAPID DIGITIZATION POWERING EMERGENCE ON NEW INDIA**

- **Rural India is accessing the world from the comfort of their homes**  
In a positive, the survey reveals that rural India is accessing the world by leveraging technology from the comfort of their homes, with 64% of rural respondents using mobile phones for engaging in social media messaging/chatting and 58% using phones to watch movies or videos. However, only 17% use phones for online financial transactions, highlighting that better measures are needed to build digital financial awareness and uptake in India's rural regions.

### **About India Protection Quotient**

Instituted in 2019, India Protection Quotient is an annual survey by Max Life in association with Kantar aimed to understand the pulse of the Indian consumers in the financial protection space. Launched with the sub-objective to increase uptake 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 the degree to which Indians feel protected from future uncertainties, on a scale of 0 to 100, is a proprietary tool developed in partnership with Kantar. It is based on the attitudes, mental preparedness around future uncertainties, awareness, and ownership of life insurance product categories (term, endowment and Unit Linked plans).

### **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.

For more information, please visit the Company's website at [www.maxlifeinsurance.com](http://www.maxlifeinsurance.com)

**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 Express vs IPQ 3.0 Express 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%.*

*\* Wherever 5th anniversary is mentioned, means 5th anniversary edition of India Protection Quotient.*

**About Kantar**

Kantar is the world's leading marketing data and analytics 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 and our innovative analytics and technology, we help our clients understand people and inspire growth. To know more, visit [www.kantar.com](http://www.kantar.com)