



Decoding the evolving behavior of Indian consumer towards financial immunity

**Financial Immunity
Survey 2.0**

 **SBI Life**
Apne liye. Apno ke liye.

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EXECUTIVE SUMMARY

Introduction

Financial planners have long been emphasizing on having adequate insurance as a base for any sound financial plan. The deep-seated foundation provided by insurance in terms of a guaranteed sum assured to safeguard the financial needs of the loved ones, is unmatched. No other financial product provides such an assurance, let alone the fact that insurance provides it regardless of market fluctuations, interest rate movements or any other external factors whatsoever. This makes insurance a unique cost-effective base for any financial plan. Though despite the tremendous benefits in terms of the Financial Immunity provided by

insurance, the on-ground penetration remains abysmally low at 4.2% (overall). Financial Immunity Survey 2.0 commissioned by SBI Life Insurance in association with the Nielsen IQ (India Pvt. Ltd.) Company, we seek to decode the evolving behavior of Indian consumers towards Financial Immunity and the associated role of life insurance. The derived insights

will significantly lend to our understanding on the preparedness levels of Indians, physically and financially, in on the backdrop of the ongoing pandemic.



Focus areas of the survey

- Impact of vaccination on consumer attitude
- Change in behavior/actions after a year of coping with the pandemic
- The evolving role of life insurance in one's financial planning process

Widening our reach

Target Group	SBI Life's Financial Immunity Survey Edition 1	SBI Life's Financial Immunity Survey Edition 2
Survey Base	13 metros and Tier 1,2,3 cities	28 metros and Tier 1,2,3 cities
Sample Size	2400+	5000
Male to Female ratio	80/20	80/20
Age Group	50/50 representation from 21-35 and 35-45 age groups	50/50 representation from 21-35 and 35-45 age groups

Financial Immunity Survey 1.0 - A recap

The pandemic ushered in a host of unpredictable situations and scenarios in the lives of people, especially with regard to health, life's uncertainties and finance. In order to gain a deeper insight into the consumer mindset, SBI Life Insurance commissioned the first edition of the Survey in 2020, **'Understanding consumer attitude towards Financial Immunity'** with the Nielsen Company.

The 1st edition of the survey highlighted that the need for financial immunity gained importance in the backdrop of the ongoing pandemic, followed by financial worries that included rising medical costs, concerns over health of family etc.

On one hand, economic activity came to a near standstill with restrictions and lockdowns-increasing financial insecurity. On the other hand, the unexpected rise in medical expenses created both, financial and psychological stress. Overall, it made people more cognizant of the importance of financial preparedness.

Another significant development was the increasing interest in improving physical immunity. As vaccines were still under development, people focused on health boosters such as Vitamins and other homemade remedies to safeguard themselves. Almost 78% of the respondents believed that

stress or anxiety affects mental and physical immunity.



Our learnings about consumers

Defining Financial Immunity:

For consumers, Financial Immunity meant safeguarding the future in case of uncertainties related to life and death

Emphasis on Physical Immunity:

There was substantial increased efforts from consumers to build physical immunity driven by the stress of medical expenses

Insurance (Life and Health) Products:

Inclination to purchase life and health insurance products was higher compared to other financial products

Life Insurance as the Key Product:

Increased awareness of the right asset allocation between insurance and investments due to COVID-19 led to preference towards Term insurance to cover the risk w.r.t life

Under preparedness:

With critical illnesses becoming more relevant, there was significant intention to buy critical illness cover among consumers.

Financial Immunity Survey 2.0



The ebb and flow of the COVID-19 pandemic

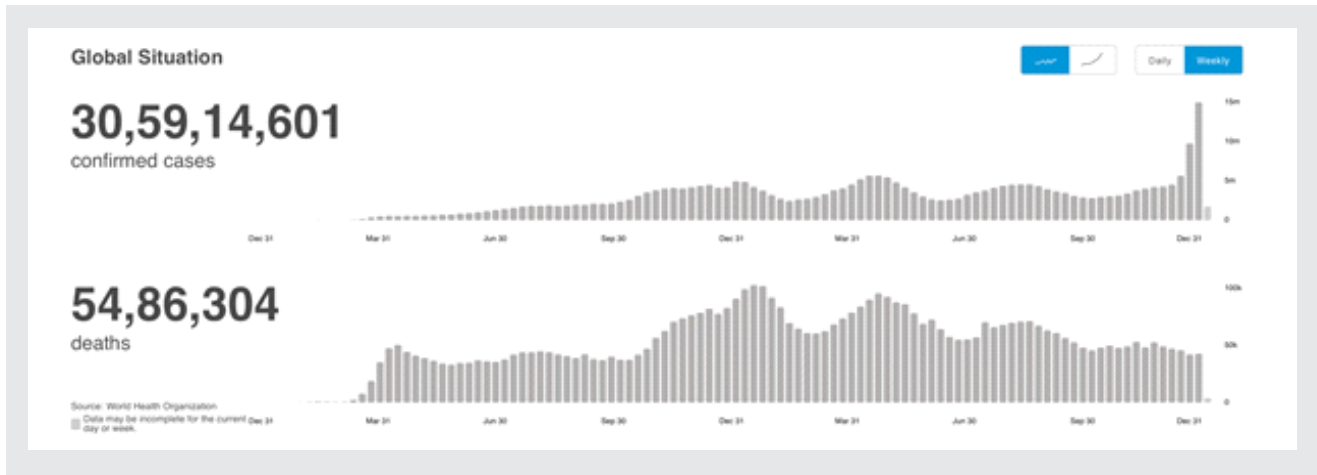
COVID-19 was declared a global pandemic on March 11, 2020. The pandemic continues to ebb and flow in waves as new variants of the virus appear-after the first wave in 2020, the second wave from March to May 2021 was widespread with the Delta variant. There are now signs of beginning of a third wave, with a sharp uptick in the cases globally led by the wide ranging variants of the virus.

Overview: Global

While efforts towards vaccination have gained significant momentum, here's a look at the global and national situation in figures as of January 10, 2021.

306 million
cases

5.5 million
deaths

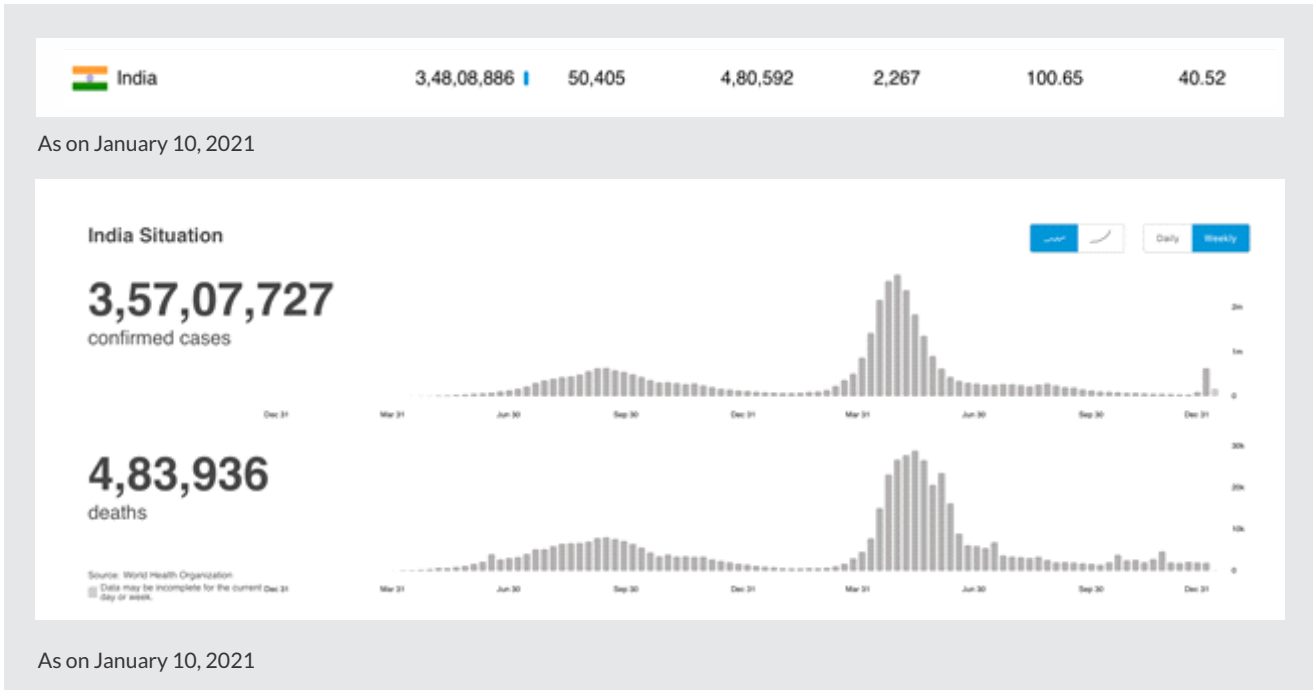


Overview: India

India ranks second globally in terms of the total number of reported cases.

35.7 million cases

0.48 million deaths



The biggest vaccination campaign in history

Governments, organizations and institutions are making great headway in their effort to curb the spread of COVID-19 by increasing the manufacturing and administration of vaccines. Globally, 9.1 billion doses have been administered. In India, 1.47 billion doses have been administered with 44.7% of the population being fully vaccinated.

Region	Doses administered (bn)	Doses per 100 people	% of population given 1+ dose	% of population fully vaccinated
Global	9.1	117	58.6	49.6
India	1.47	107	62.2	44.7

As of January 9, 2022 for global data and January 3, 2022 for India data

Source: WHO

The end remains elusive

On the bright side, the vaccines have proven to be highly effective in preventing hospitalization and death. While commendable progress has been made in driving the vaccination campaign, it would take extensive collaboration and coordination to control a pandemic of this scale even as cases continue to rise.

Boosters will also have to be administered from time to time in order to keep the disease at bay.

That's an overwhelming level of vaccination that needs to be administered at a global scale. Going at the current pace of 9.06 million people getting their first shots each day, the goal of halting the pandemic remains far-fetched. While manufacturing capacity is witnessing an upward trend owing to new vaccines and enhanced capacity from existing drug makers, this progress can be easily derailed.

The new strains, especially the highly transmissible Delta and Omicron variants, have caused renewed and prolonged outbreaks. Meanwhile, unvaccinated people remain more at risk than ever before.

The possible third wave:

Today the anxiety surrounding the coming times is gaining ground. As per the SBI Life's Financial Immunity Survey 2.0, 55% of the respondents are more concerned about the possible third wave now than before.

The beginning of a third wave

Omicron cases are being reported from various countries, including India, with a spike in daily new cases since the last week of December 2021. Little is known about the potential scale and magnitude of rise in cases as well as the severity that will be caused by this variant. Considering the rate of vaccinations in India and high exposure to the Delta variant, the severity of the disease is anticipated to be low. The scientific understanding of how potent this variant could be, is still evolving.



Source: Our World of Data

How is India responding?

The Indian government is closely monitoring the situation and has been issuing suitable guidelines to prevent the spread. In addition, the scientific and medical communities are developing and deploying diagnostics, carrying out genomic surveillance and generating evidence about viral and epidemiologic characteristics.

- *Precautionary booster shots have been allowed for frontline workers and senior citizens with comorbidities*
- *The minimum vaccination age has been reduced to 15 years from 18 years*

Key highlights of SBI Life's Financial Immunity Survey 2.0

- **Cautious but confident:** Indians are more confident than ever to tackle COVID-19 pandemic even as they fear a possible third wave in the near future
- **Financial and physical immunity:** Focus on building immunity remains strong with rising medical costs, job instability and health being the top concerns
- **Investing in insurance:** While income of most Indians has recovered since the first year of the pandemic, they are spending less on discretionary items and majorly renewing their health and life insurance policies
- **Focus on savings:** Indians are saving more now and utilizing half of their income to build Financial Immunity through savings, investments and insurance
- **Under insurance:** While insurance is gaining importance in Indian households and Financial Immunity among those who feel adequately insured is better, under insurance is pervasive.

Physical immunity remains at the forefront

One of the biggest impacts of the pandemic has been on physical health consciousness. With lives being at stake, it is not surprising that consumers across the globe are increasingly taking steps to look after their physical & mental health. This emphasis on well-being continued well into 2021 with food and hygiene products at the forefront of this change. People are looking to build their immunity in this fight against the pandemic and physical wellness remains a priority.

COVID-19 waves redirect focus on building immunity

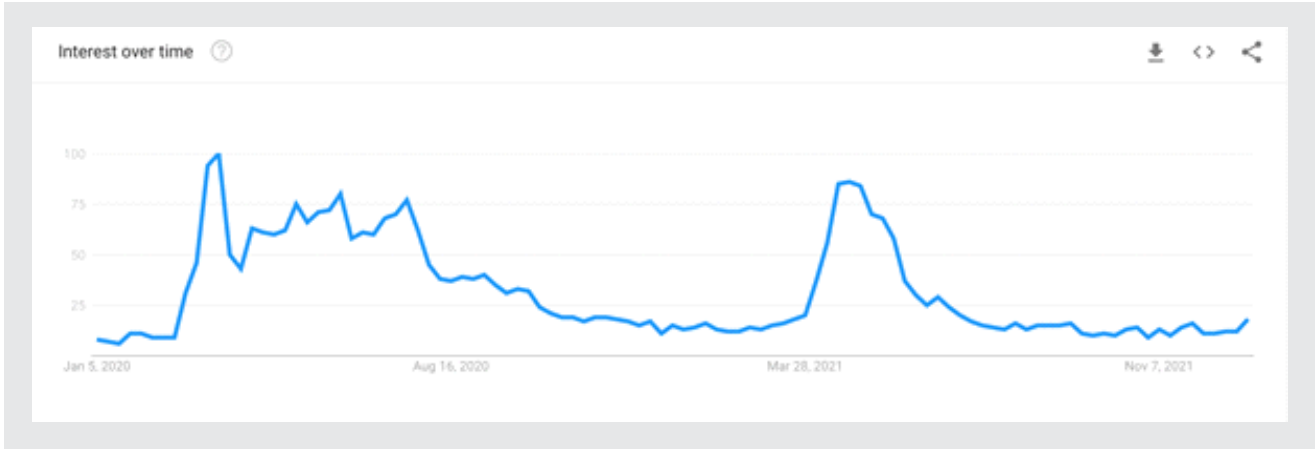
Sales of immunity boosting products, nutritional supplements and hand sanitizers have mimicked the rise and fall of the COVID-19 waves. The pandemic also led to the increased use of natural and Ayurveda-based products to improve immunity.

Products containing Zinc, Vitamin C, Vitamin D3, honey, chyawanprash, ginger, moringa, oleifera, probiotics, green tea, amla, turmeric and bitter gourd witnessed a marked increase in sales during various phases of the COVID-19 outbreak.

With a renewed drive to significantly raise their physical immunity, people remained committed to purchasing these products during the second wave. Subsequently, the vaccination drive gained momentum, which reduced the paranoia surrounding the pandemic, and decreased the need for these products.



Google trend on 'immunity' (India region)



Ready to face the music

People have been prioritizing their health above all else during this time. It is no wonder that this year too in the 2nd edition of The Financial Immunity Survey, 80% of Indians feel strongly prepared with respect to the physical immunity needed to combat the effects of COVID-19. Several measures and habits have become part of the daily lives of individuals who are focused on building immunity. As per our survey, eating healthy food, following the vaccination protocol and using immunity boosters formed the holy trinity in being physically prepared.

~2/3rd opted for healthy eating habits	74% double vaccinated 23% single vaccinated	>60% are using immunity boosters
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Source: SBI Life's Financial Immunity Survey 2.0

Rising need for financial immunity

It is heartening to note that the awareness levels are rising towards financial immunity. In the context of the ongoing pandemic, the importance of financial security and stability of self/family in case of any uncertainty has increased as compared to the first wave from 41% to 57%. Our survey results showed that one of the major issues causing stress is the rising cost of medical treatment followed by

unstable employment and concerns regarding the health of self/family members.

For 57% of the Indian population, financial immunity is directly associated with the financial security and stability of an individual and the family. It is also closely related to generating an income from varied sources.



One-third continue to face reduced income due to the pandemic	64% of the Indians feel that their milestones were impacted by the pandemic	60% of the Indians have started to spend less on non-essential items
75% have renewed life and health insurance in 2021		Indians are directing 50% of their income towards savings, investments and/or insurance

Source: SBI Life's Financial Immunity Survey 2.0

Is under-insurance a problem?

The goal of a life insurance cover is to provide financial security to the family of the policyholder in case of untimely demise of the insured. Under-insurance is the condition where the life insurance cover is not enough to address the financial needs of loved ones and safeguard the family's future needs. In short, the sum insured by the policy is not adequate and can lead to a financial crisis. The amount also depends upon the age of the main earning member and the responsibilities held.

The 2nd edition of SBI Life's Financial Immunity Survey findings show that Financial Immunity among those who feel adequately insured is better as compared to those who do not feel adequately insured. Self-assessment score of those who are adequately insured is higher at 7.9 out of 10 as compared to those who are inadequately insured (6 out of 10).

While Indians believe that insurance is important and feel they are adequately covered, this feeling of adequacy is far from the truth. They still seem to be under insured with ~3.8 times the cover of their annual income, as per SBI Life's Financial Immunity Survey 2.0. This is neither the ideal nor recommended strategy.

It is recommended that an individual should have at least 10x to 25x of one's annual income as an insurance cover



While most of the Indians seem to be under-insured, the survey shows that 70% strongly believe that the sum assured must increase based on life's prominent milestones, such as marriage, childbirth, and purchase of property among others.

Insurance: An important part of financial planning

The Indian context

It is largely evident that the pandemic has underpinned the need for insurance because of the growing financial burden owing to high healthcare costs versus a reduced income or loss of livelihood.

Before the pandemic, India's insurance market was highly underpenetrated with more than half of India's healthcare expenditure being funded out of pocket. Majority of Indians viewed life insurance as an investment and tax-saving tool. The country was also amongst the lowest in the world in terms of Sum Assured as % of GDP in 2020.

It is estimated that India's life insurance market will grow at 18.8% p.a. to reach 31.9 trillion (US\$ 425 billion) in FY2030 (IRDAI, Frost & Sullivan). This favorable outcome will be driven by:

1. Rising awareness towards financial products and services
2. Digitization and simplification of products and processes
3. Online channels for distributions
4. Innovations and customizations in products
5. Supportive government policies and regulatory push

Making insurance a part of financial planning

SBI Life's Financial Immunity Survey 2.0 shows that 78% of Indians feel that it is extremely important to have Insurance in their financial planning process. As people become more cognizant of their vulnerabilities, they are able to better understand the benefits of buying life insurance products to ensure their dependents remain financially stable in the future. The second wave reignited the fear for loss of life and led to a sharp rise in investment in insurance products. This was reflected in the rise in first time buyers of insurance.

44% and 46% have bought life and health insurance respectively, for the first time during COVID-19

Source: SBI Life's Financial Immunity Survey 2.0

At every stage of life, people need to be prepared for unforeseen eventualities or setbacks. The financial plans ensure that we save and invest in order to safeguard against these incidents. This is the reason why insurance is a critical component of the financial plan. An insurance policy can play an important role especially in case of an emergency, where it can help preserve the emergency fund and provide the necessary finances. In daunting circumstances like an accident, disability, illness, or even death which would lead to a loss of income, an insurance policy can protect individuals and families and limit the impact on finances.

- 56% of Indians have accumulated emergency funds since the pandemic and 53% insured themselves with a life and health insurance

- 3 out of 4 Indians have increased their saving/investing since January 2021 and 56% of the Indians will use this accumulated amount to buy life insurance

Source: SBI Life's Financial Immunity Survey 2.0



Study Overview

RESEARCH OBJECTIVE

Decoding the evolving behavior of Indian consumers towards financial immunity and how life insurance plays an important role in it.

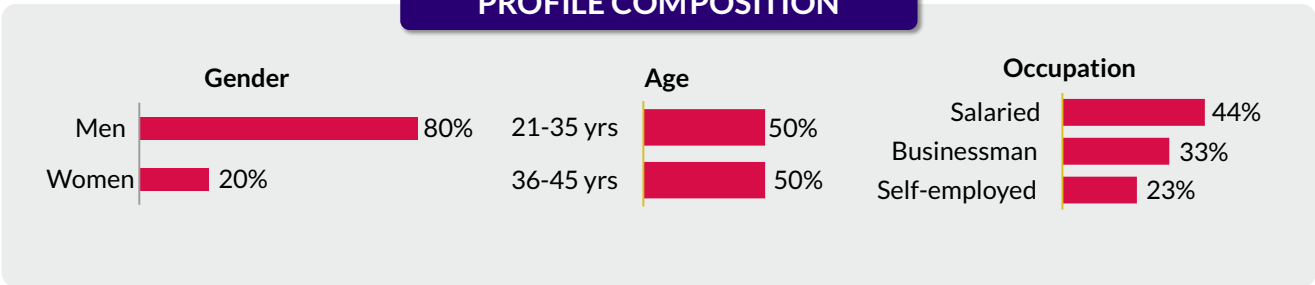
TARGET GROUP

Men/ Women aged between 21-45 years, SEC A, metros, Tier 1/2/3

METHODOLOGY

Computer Aided Web Interview (CAWI) with 20 minutes of LOI

PROFILE COMPOSITION



GEOGRAPHIES





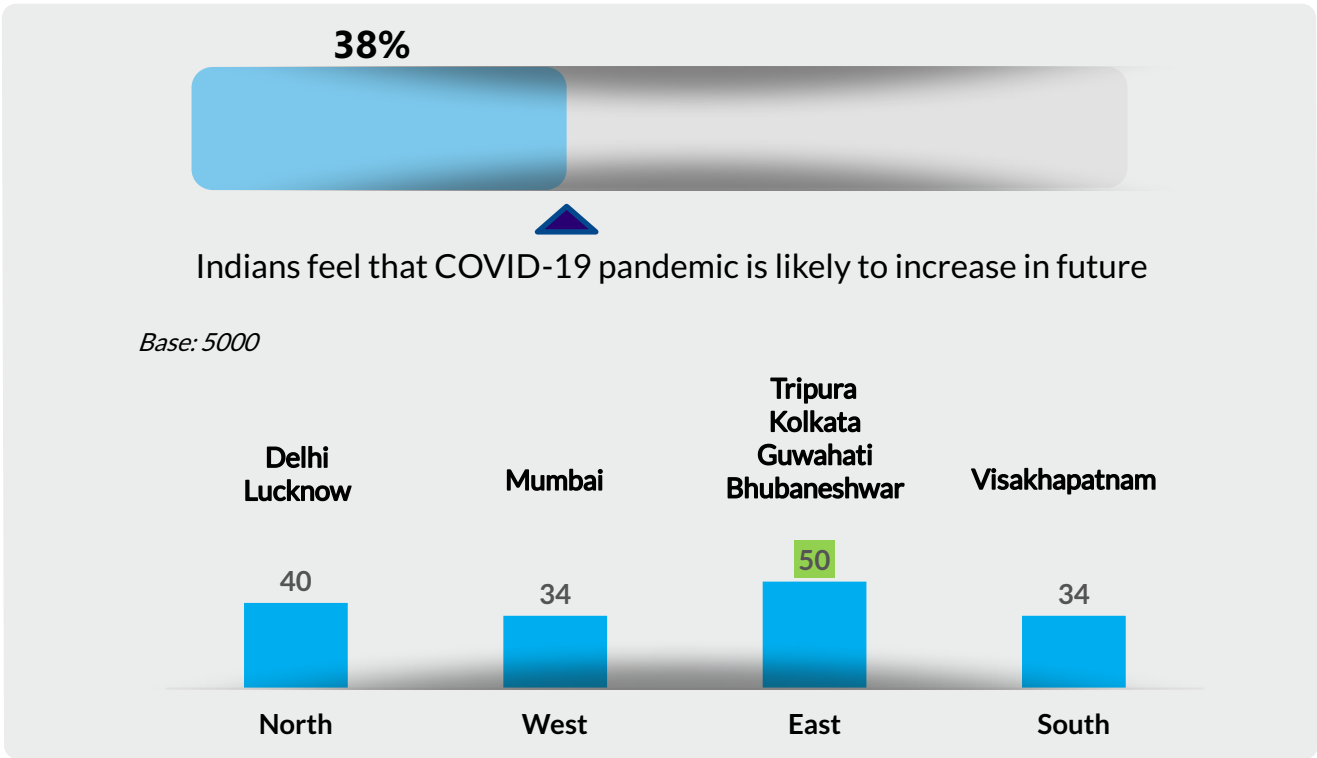
Survey Findings



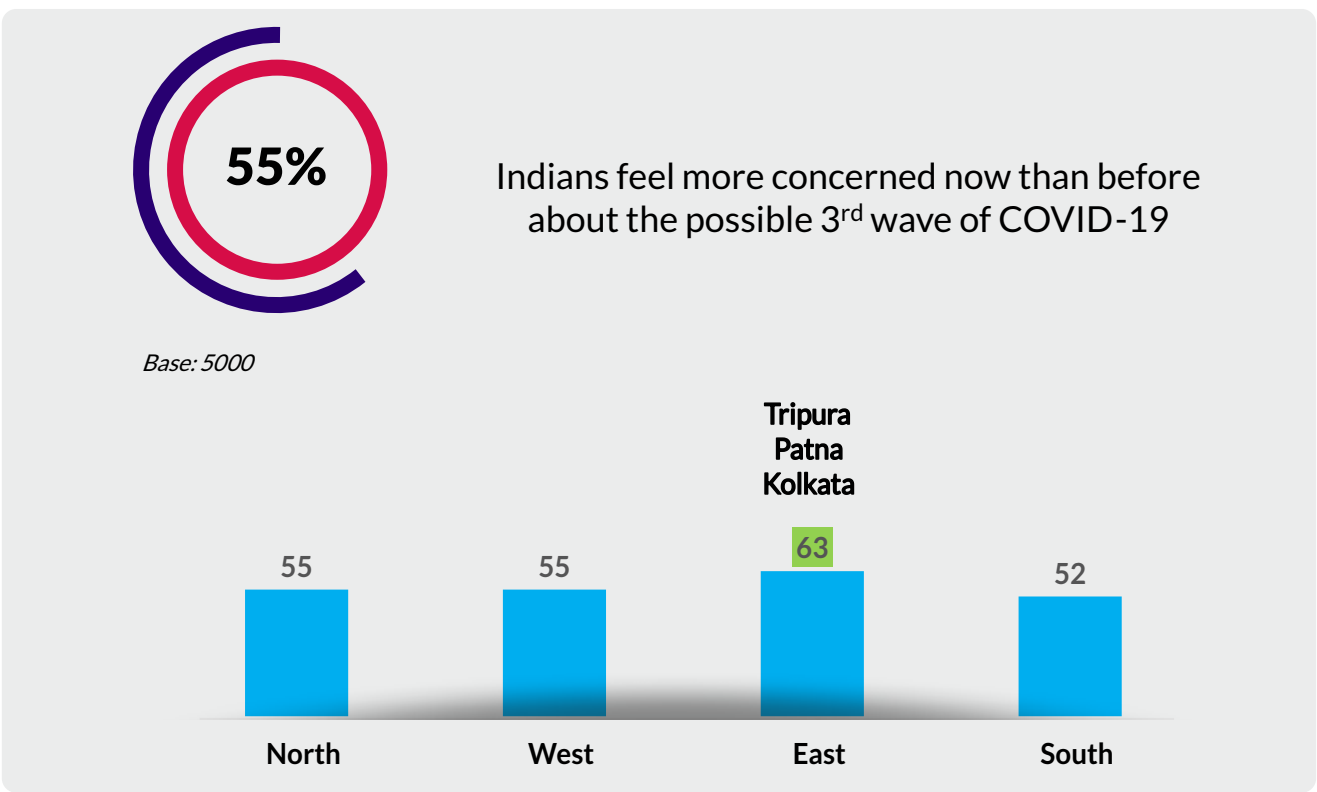
**Is COVID-19
still a cause
of worry?**

OUTLOOK TOWARDS COVID-19

38% Indians feel the COVID-19 situation will worsen in next 3 months



55% are more concerned about the possible 3rd wave now than before

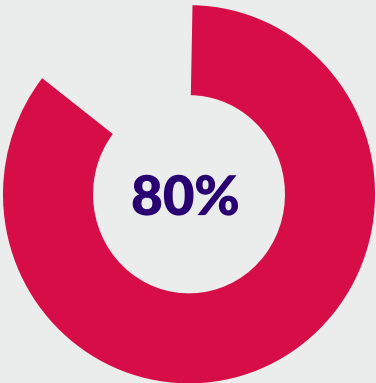


Cities highlighted are higher than the overall score

Figures in % (except Base)

PREPAREDNESS TOWARDS PHYSICAL IMMUNITY TO TACKLE THE POSSIBLE 3rd WAVE

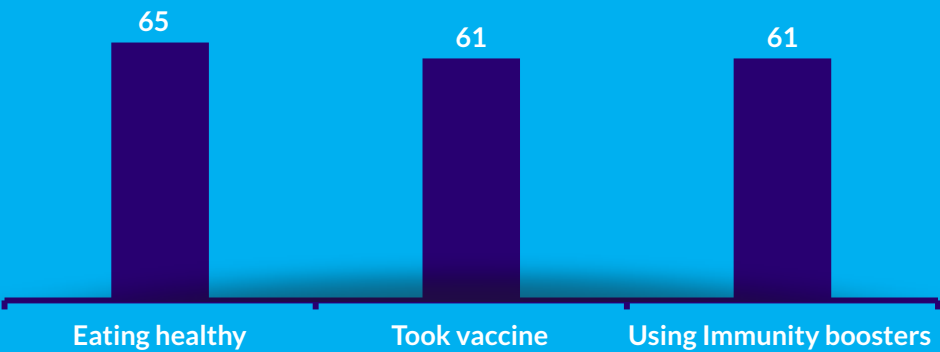
80% of the Indians feel strongly prepared towards physical immunity to tackle the possible 3rd wave as compared to wave 1 & wave 2



Among those who have at least 1 dose of vaccine, the preparedness is ~80% as compared to 55% among those who haven't taken any vaccine

Base: 5000

Steps taken to prepare self/ family physically / health wise -



74% of the consumers have taken double dose and 23% have taken single dose of vaccine

Base: 4918

Figures in % (except Base)

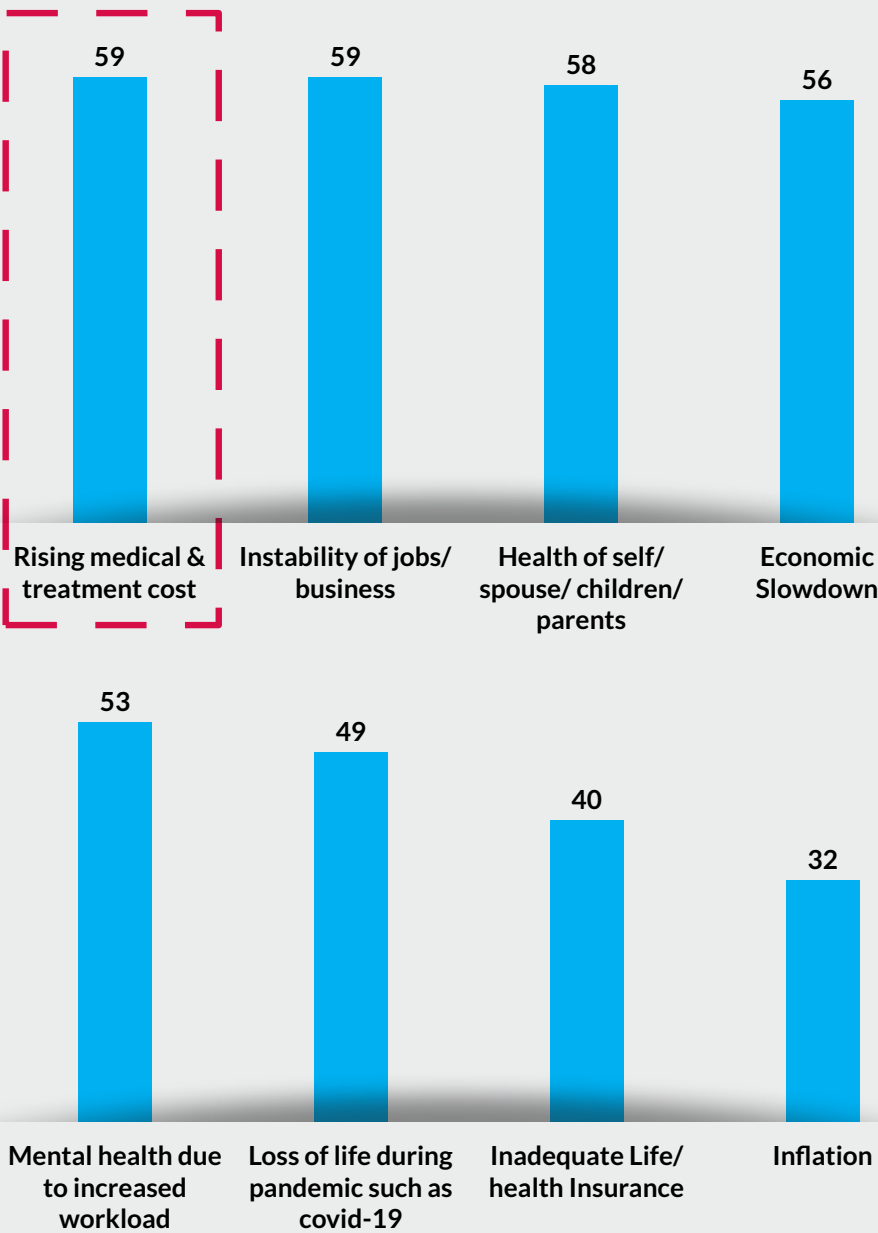
TOP 3 WORRIES OF INDIANS IN THE BACKDROP OF PANDEMIC

59% - Rising medical/ treatment cost

59% - Instability of jobs

58% - Concerns around Health of self/family members

Indians seem equally worried about their Financial Immunity as compared to their Health immunity



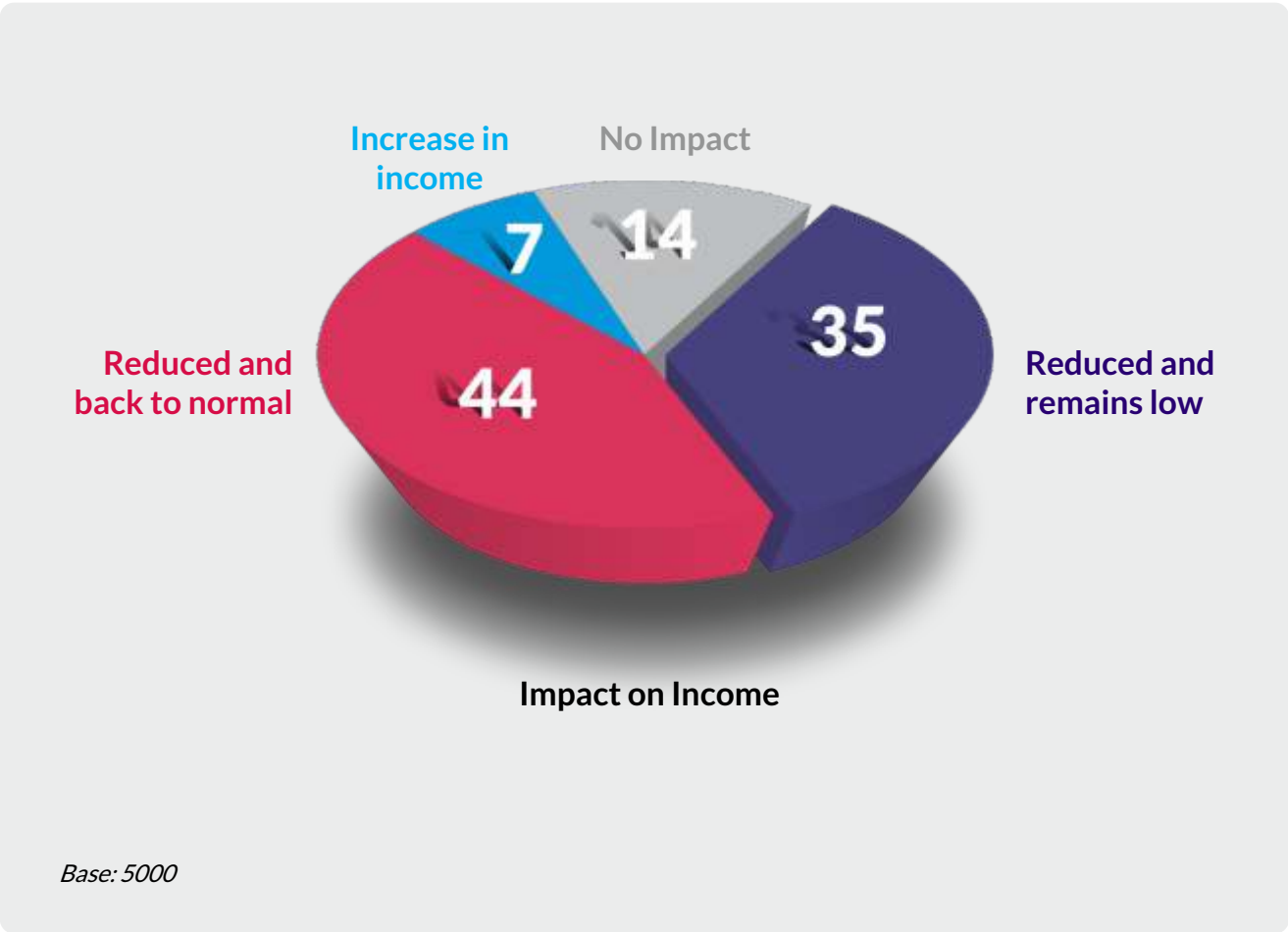
Figures in % (except Base)



**How Indians are
impacted due to
COVID-19
Financially?**

INCOME IMPACT IN THE BACK DROP OF COVID-19 PANDEMIC

79% of Indians faced income reduction of which 44% Indian's income have been restored, while more than 1/3rd are still facing reduced income

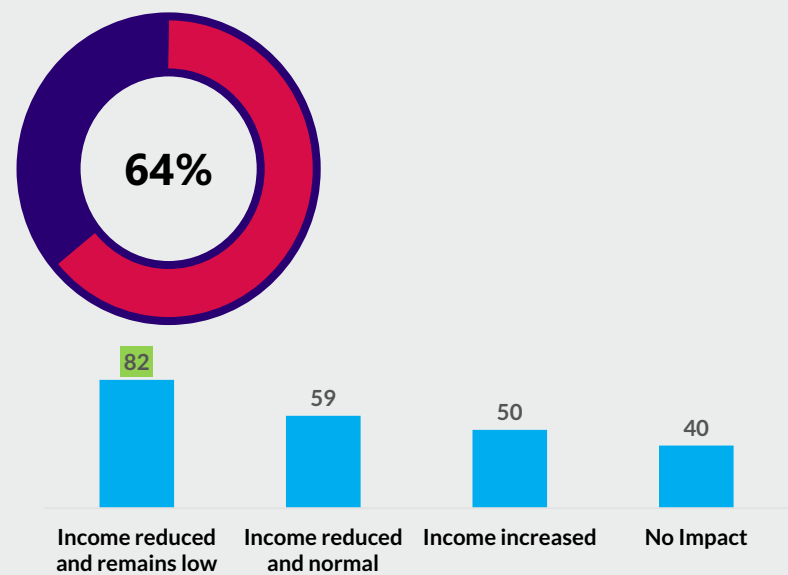


Figures in % (except Base)

INCOME IMPACT ON KEY MILESTONES IN THE BACKDROP OF PANDEMIC

64% of the Indians feel that their milestones were impacted in some or other way

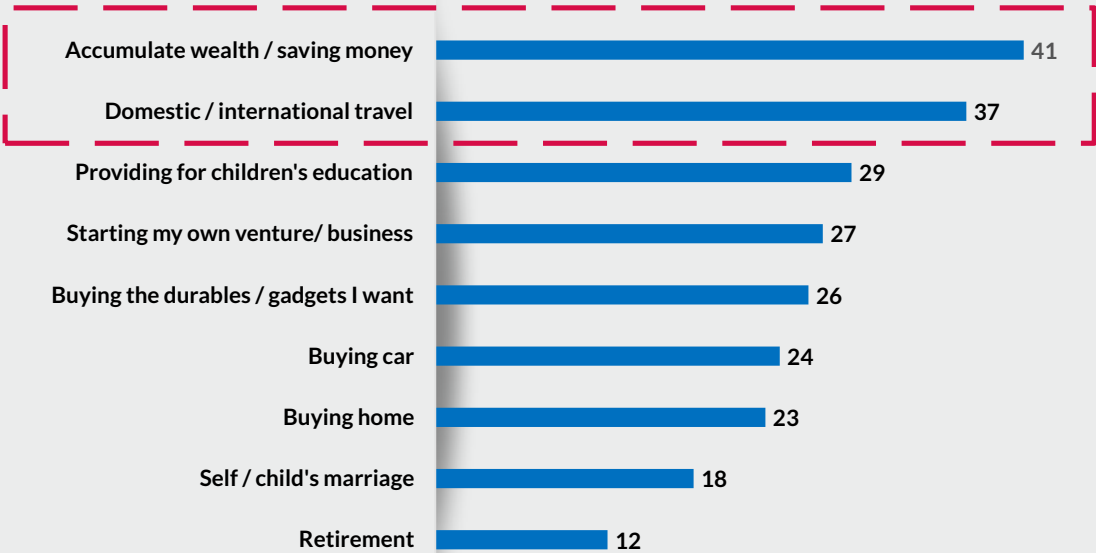
Did COVID-19 have any impact on your key life milestones?



82% Indians whose income has reduced due to pandemic

Base: 5000

Please tell me which of your milestones were impacted the most due to COVID-19?

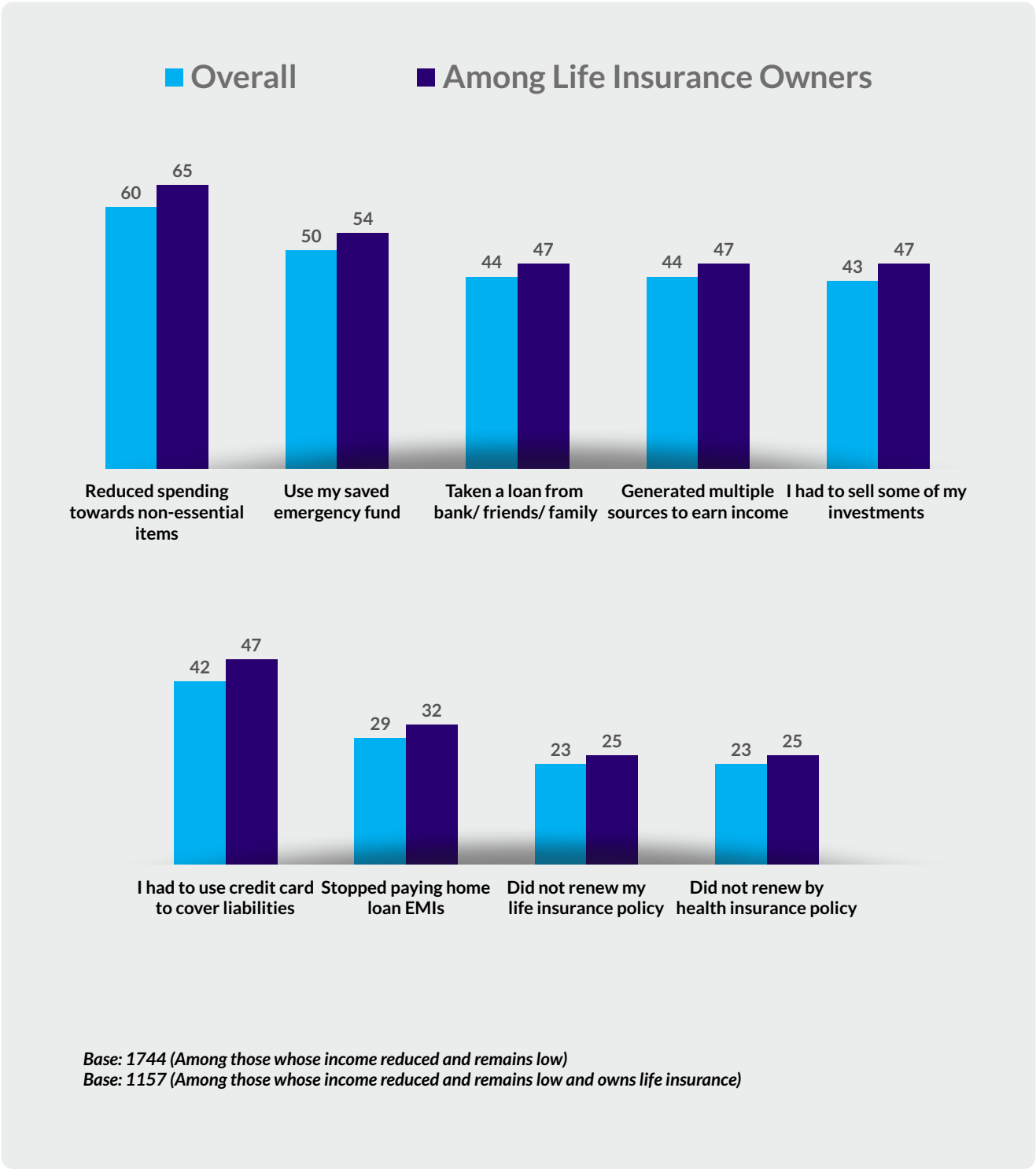


Base: 3194

Figures in % (except Base)

STEPS TAKEN TO TACKLE IMPACT OF PANDEMIC ON INCOME

60% of the Indians have started to spend less on non-essential items followed by using their emergency funds and taking financial help from friends & family

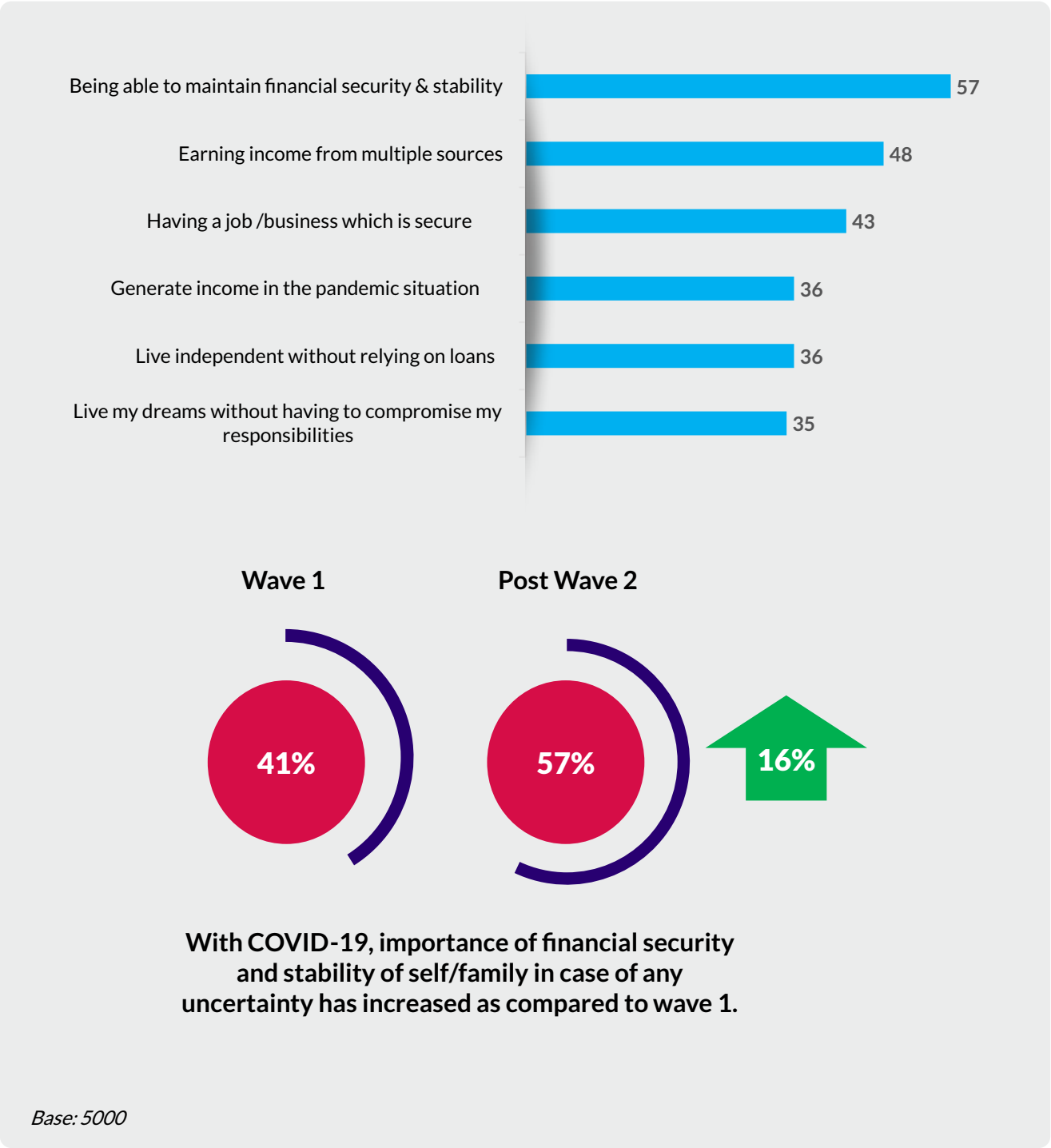




**How do Indians
rate their own
financial immunity?**

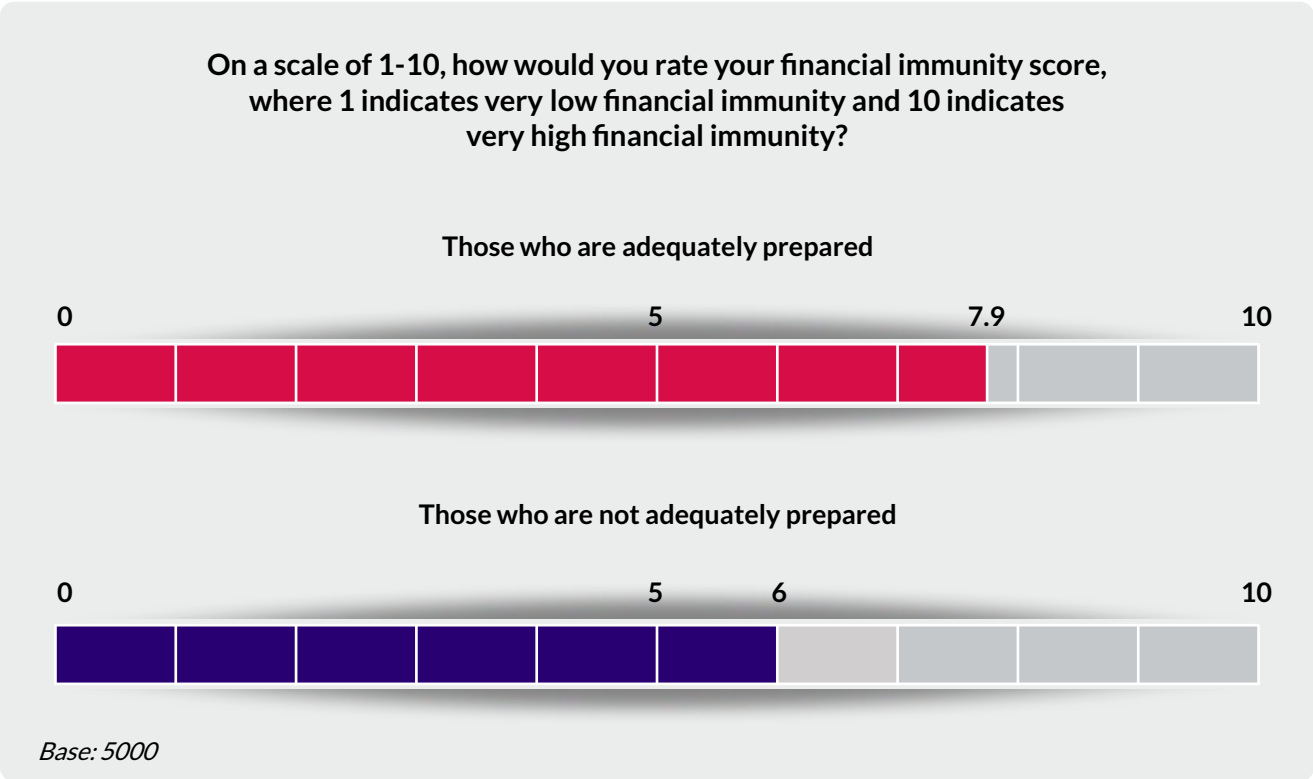
WHAT DOES FINANCIAL IMMUNITY MEAN TO INDIANS?

57% of the Indians associate Financial Immunity with maintaining 'Financial Security and Stability of self/ family' followed by earning income from multiple sources



FINANCIAL IMMUNITY SELF ASSESSMENT SCORE

Financial immunity among those who feel adequately insured is better as compared to those who do not feel adequately insured



Figures in % (except Base)

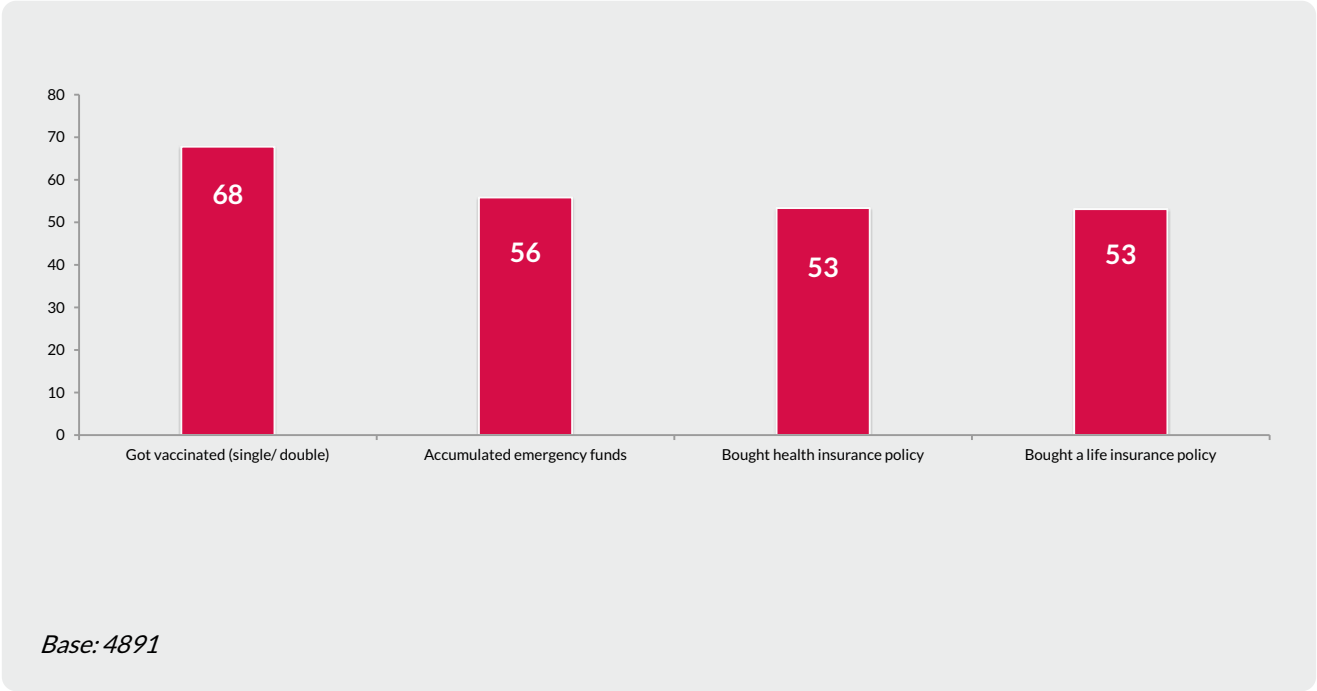




**How are Indians
building
Financial Immunity
in COVID-19
situation?**

STEPS TAKEN TO TACKLE COVID-19 FINANCIALLY

68% Indians have got vaccinated followed by 56% accumulated emergency funds and 53% insured themselves with a life and health insurance financially



Figures in % (except Base)



CHANGE IN BEHAVIOR OF INDIANS TOWARDS SAVINGS/ INVESTMENTS

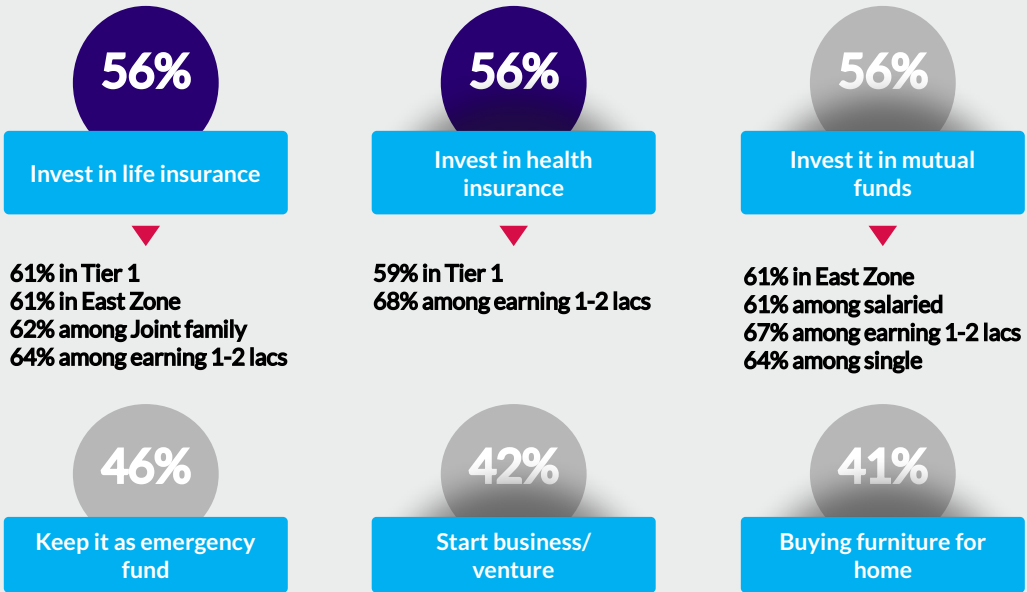
3 out of 4 Indians have increased their saving/ investing since January 2021.
56% of the Indians will use this accumulated amount to buy life insurance.

Which of the following statements correctly describes your behavior towards savings/ investing since January 2021?



Base: 4806

How are you planning to use your savings / investments in next 6 months?

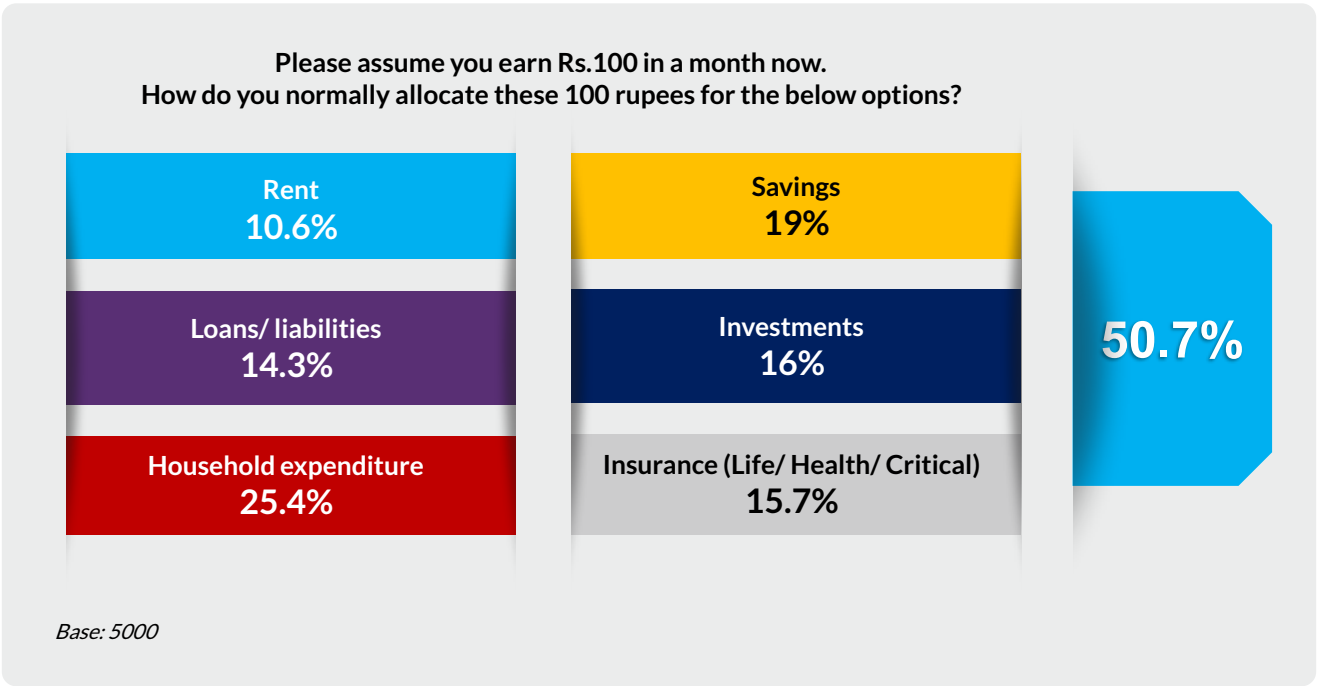


Base: 4806

Figures in % (except Base)

MONTHLY INCOME ALLOCATION IN CURRENT COVID-19 TIME

50% of Indian's income is more focused on building Financial Immunity through savings/ investments/ insurance

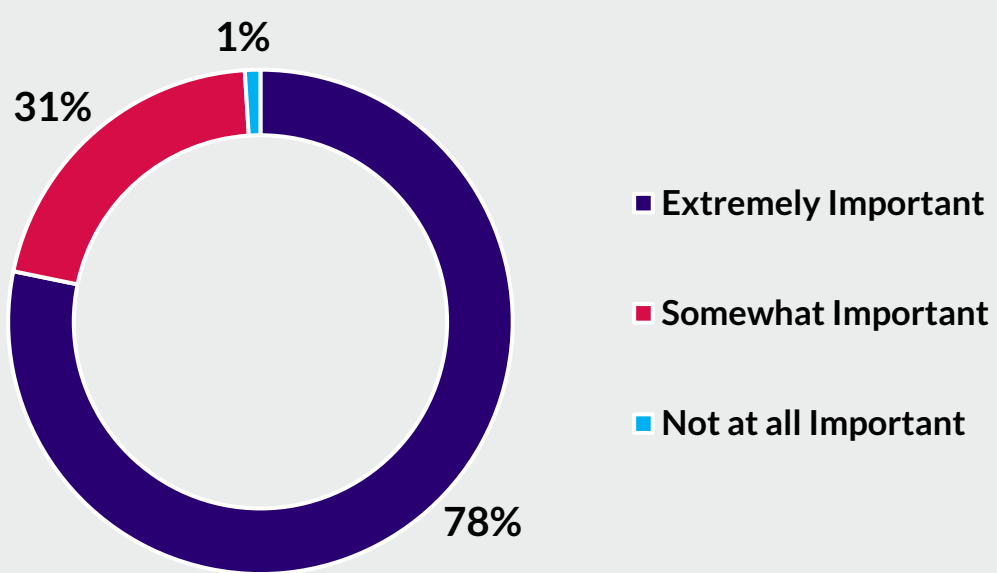


Figures in % (except Base)



IMPORTANCE OF INSURANCE IN THE OVERALL FINANCIAL PLANNING PROCESS

78% of the Indians feel that its extremely important to have Insurance in their financial planning process



Realizing this importance of insurance

46% purchased Health insurance for the first time during COVID-19.

44% purchased Life insurance for the first time during COVID-19.

Base: 5000

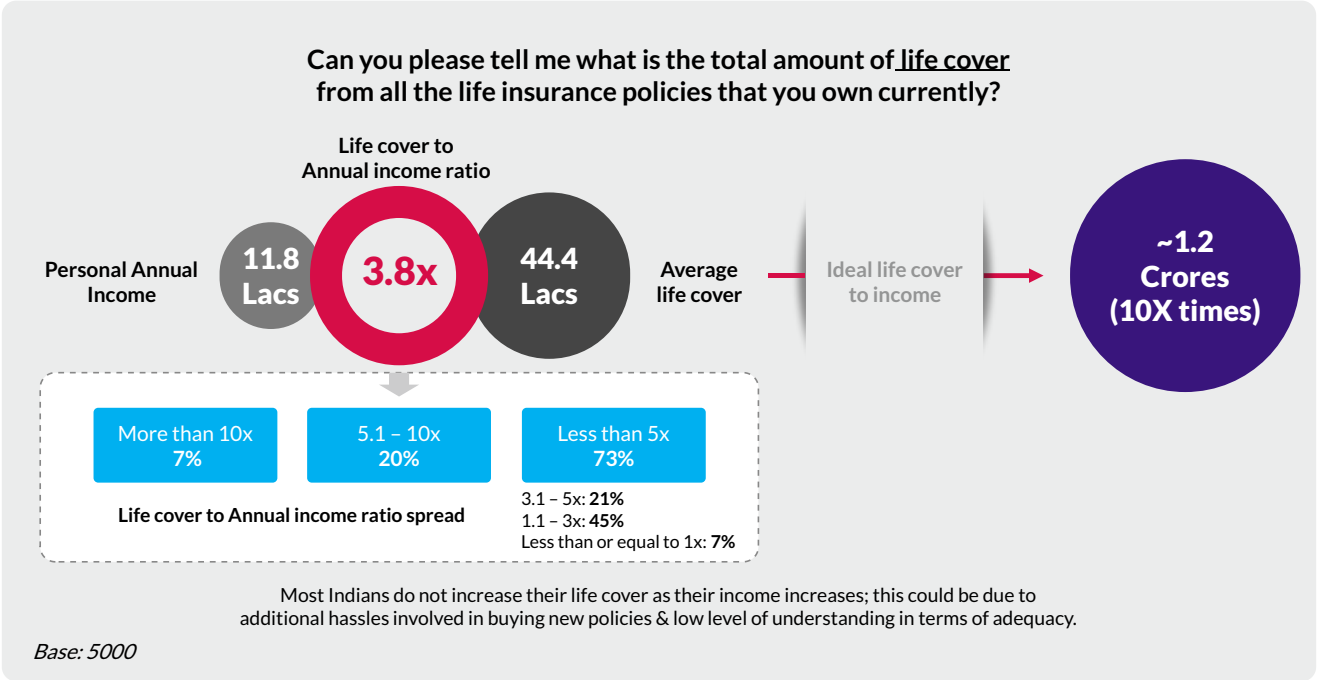
Figures in % (except Base)



**Indians are
purchasing
Life Insurance
but are they
adequately covered?**

ADEQUACY OF LIFE INSURANCE COVER

Although Indians feel insurance is important, they seem to be under-insured with ~3.8 times the cover of their annual income which is below recommended 10X/25X of annual income

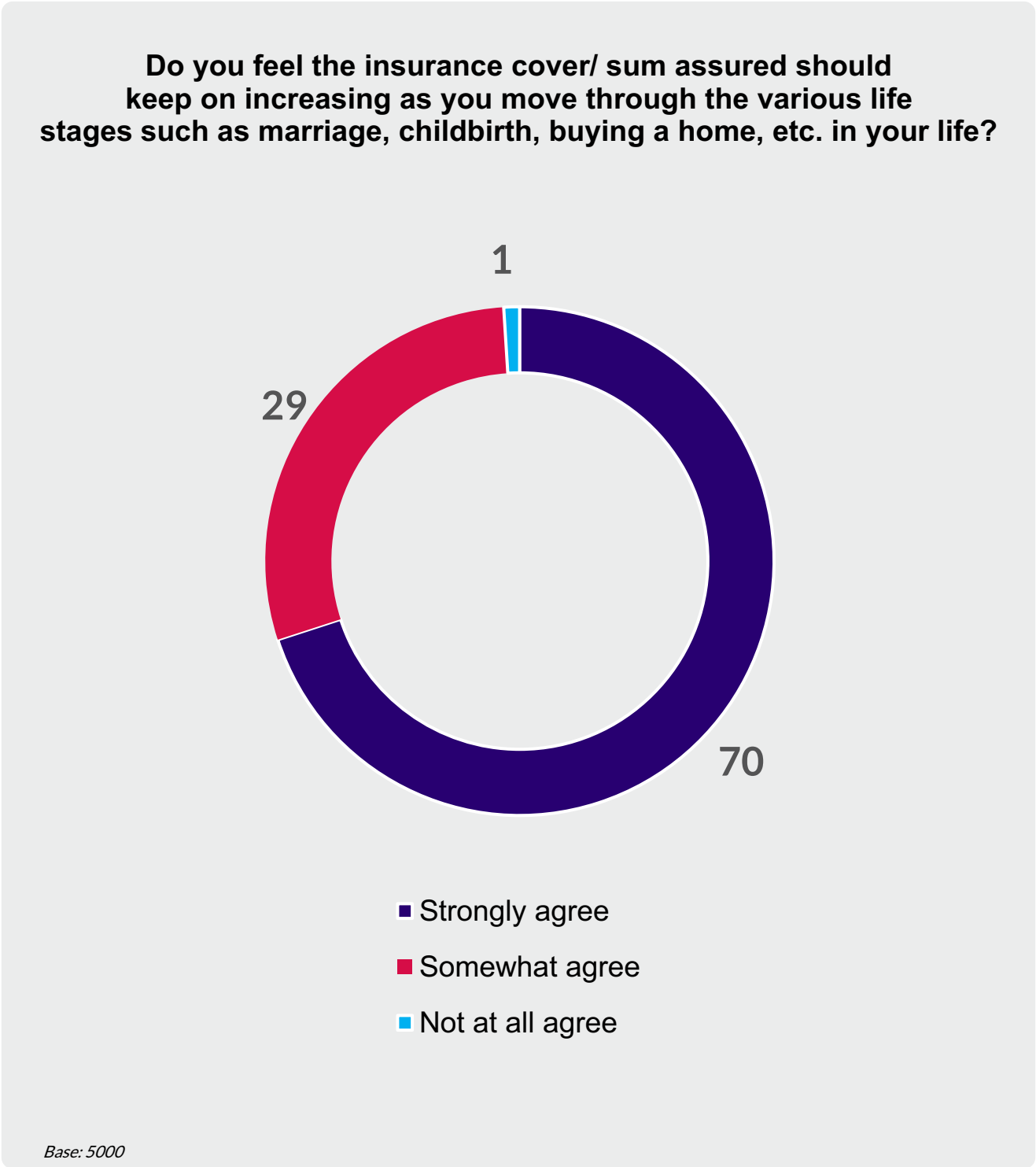


Figures in % (except Base)



BEHAVIOR TOWARDS INCREASING COVER/ SUM ASSURED

While most of the Indians seem to be under insured; 70% of the Indians strongly feel that the sum assured must increase as and when life's prominent milestones are achieved





Summary

KEY HIGHLIGHTS



38% of the Indians feel that COVID-19 situation will worsen in next 3 months.



80% of the Indians feel strongly prepared towards physical immunity
74% have taken double dose of vaccination



57% of the Indians feel 'Financial Immunity' is equal to 'Being financially secure and stable'



78% Indians feel that insurance is extremely important in the overall financial planning process



46% and 44% have invested in health and life insurance for the first time after March 2020 outbreak respectively



70% of the Indians strongly feel that life cover should keep on increasing when prominent life milestones are achieved



Top 3 worries of Indians

- 59% Rising medical/ treatment cost
- 59% Instability of jobs
- 58% Concerns around Health of self/family members



79% of the Indians have faced income reduction of which 44% of Indians' income have come back to normal. 35% of the Indians are still facing income cut



3 out of 4 Indians have increased their saving/ investing since January 2021 and 50% of them plan to invest in savings/investments/insurance



Indians remain under-insured as the life cover to personal annual income ratio is only 3.8 times, which is way below the recommended 10x to 25x of annual income

Conclusion

Co-existing with Corona virus

The world together witnessed the tumultuous standstill with the onset of the pandemic. The devastating onslaught of the second wave. And the glimmer of hope in the form of vaccinations. The advent of the third wave has brought focus on booster doses and vaccination for younger populace.

The human race is racing to adapt. Behaviors, attitudes and mindsets are fast adapting to the new normal and building on physical and financial resilience in face of the evolving realities.

SBI Life's Financial Immunity Survey 2.0 serves to bring forth the new outlook in India, especially with respect to the insurance industry.



About SBI Life Insurance

SBI Life Insurance ('SBI Life'/'The Company'), one of the most trusted life insurance companies in India, was incorporated in October 2000 and is registered with the Insurance Regulatory and Development Authority of India (IRDAI) in March 2001.

Serving millions of families across India, SBI Life's diverse range of products caters to individuals as well as group customers through Protection, Pension, Savings and Health solutions.

Driven by 'Customer-First' approach, SBI Life places great emphasis on maintaining world-class operating efficiency and providing hassle-free claim settlement experience to its customers by following high ethical standards of service. Additionally, SBI Life is committed to enhance digital experiences for its customers, distributors and employees alike.

SBI Life strives to make insurance accessible to all, with its extensive presence across the country through its 940 branches, 16,569 employees, a large and productive individual agent network of about 1,37,000 agents, 58 corporate agents, a widespread bancassurance network of 15 partners, 28,962 partner branches (as on March 31, 2020), 108 brokers and other insurance marketing firms.

In addition to doing what's right for the customers, the company is also committed to provide a healthy and flexible work environment for its employees to excel personally and professionally.

SBI Life strongly encourages a culture of giving back to the society and has made substantial contribution in the areas of child education, healthcare, disaster relief and environmental upgrade. In 2019-20, the Company touched over 1.14 lakh direct beneficiaries through various CSR interventions.

Listed on the Bombay Stock Exchange ('BSE') and the National Stock Exchange ('NSE'), the company has an authorized capital of ₹20.0 billion and a paid up capital of ₹10.0 billion. The AuM is ₹1,753.5 billion.

For more information, please visit our website -www.sbilife.co.in and connect with us on Facebook, Twitter, YouTube, Instagram, and LinkedIn.

(Numbers & data mentioned above are for the period ended September 2021)

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