

A Comparative Study of Term Insurance Plans Offered by Selected Life Insurance Companies in India (2023-24)

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Abstract:

This paper presents a comparative analysis of term insurance plans offered by five leading Indian life insurers viz. HDFC Life, Max Life, Aditya Birla Sun Life, Bajaj Allianz Life, and Tata AIA Life. The same are selected for their Claim Settlement Ratios (CSR) exceeding 99% in FY 2023–24. Using the Insurance Regulatory and Development Authority of India (IRDAI) Handbook on Indian Insurance Statistics 2023–24 (released March 2025) as the primary source, Claim Settlement Ratio performance is summarized for indicative premiums for ₹1 crore term insurance cover. This study finds uniformly high CSRs across the cohort, with modest dispersion in indicative entry premiums and breadth of rider options. This study discusses implications for consumers and policy design and propose a simple framework for selecting a term plan based on age, affordability, and rider needs.

Keywords:

Term insurance, Claim settlement ratio, India, IRDAI, HDFC Life, Max Life, Aditya Birla Sun Life, Bajaj Allianz Life, Tata AIA.

Introduction:

Term insurance is the purest form of life insurance protection providing a death benefit during a fixed term without savings or investment components. In India's rapidly formalising financial landscape, the importance of term protection has grown, aided by online distribution, simplified underwriting, and increasing consumer awareness. A key indicator of an insurer's

reliability is the Claim Settlement Ratio (CSR), typically reported by number of policies and by benefit amount settled within specified timelines. This study concentrates on five private-sector insurers with CSR \geq 99% in FY 2023–24, based on IRDAI's compiled statistics, and juxtaposes their plan features and indicative premiums for a standard ₹1 crore cover.

Objectives:

1. To study selected Term Insurance Plans.
2. To understand the cheapest Term Insurance Plans.

Literature Review:

Recent industry analyses point to steady improvements in private insurers' claims performance and persistency, which bolster policyholder trust and adoption of protection products. The shift from endowment/ULIP-heavy portfolios towards protection-led offerings has been noted in media and consultancy reports, alongside ongoing regulatory oversight on solvency and disclosure. While Claim Settlement Ratio is widely used by consumers as a trust proxy, academic and practitioner literature cautions that Claim Settlement Ratio should be considered alongside other dimension, such as claim turnaround time, claim size distribution, grievance redressal, and solvency.

Methodology:

For the purpose of this study, the shortlisted companies are HDFC Life, Max Life, Aditya Birla Sun Life, Bajaj Allianz Life, and Tata AIA Life based on Claim Settlement Ratios (CSR) $\geq 99\%$ in FY 2023–24, as reported in the IRDAI Handbook on Indian Insurance Statistics 2023–24 (released March 2025). For feature and premium comparisons, this study relies on publicly available plan brochures and insurer or broker web pages that publish indicative ‘starting’ premiums for ₹1 crore term cover. Premiums vary materially by age, gender, smoking status, medical and financial underwriting, policy term, premium-paying term, rider add-ons, and channel discounts; therefore, this study treats premiums as indicative only.

Data Collection and Analysis:

(A) Claim Settlement Ratios (FY 2023–24)

Table 1 compiles policy-count CSRs for FY 2023–24 from secondary sources quoting the IRDAI Handbook 2023–24. Across the cohort, CSRs exceed 99%, underscoring strong claim-paying performance.

Table # 01

Name of Insurer	Claim Settlement Ratio (% by number, FY 2023–24)	Source
HDFC Life	≈99.97	Economic Times summary (ET Wealth)
Max Life	≈99.79–99.65	ET Wealth; PolicyX (IRDAI 2023–24)
Aditya Birla Sun Life	≈99.95–99.97	ET Wealth
Bajaj Allianz Life	≈99.78	ET Wealth
Tata AIA Life	≈99.58–99.6	ET Wealth

Note: Values have been rounded off.

(B) Indicative Premiums for ₹1 Crore Cover

Public pages advertise starting premiums for ₹1 crore term cover. These are promotional estimates for young, healthy non-smokers and exclude taxes and riders. They are not directly comparable across brands without standardised quoting, but they provide directional benchmarks. Table 2 summarises advertised figures with notes.

Table # 02

Name of Insurer	Advertised starting premium (₹/month)	Illustrative age	Notes / Source
Max Life	≈1,200–1,300	≈25 (healthy, non-smoker)	Max Life 1 Cr page; calculator banner
Tata AIA	≈501	Younger adult	Tata AIA 1 Cr term page
Bajaj Allianz Life	≈15/day (~450/mo)	Younger adult	Bajaj Allianz 1 Cr term page
Aditya Birla Sun Life	≈487–531	18–30 (promotional start)	Policybazaar ABSLI pages
HDFC Life	—	—	No stable public ‘starting’ figure; use calculator for exact quote

Note: Actual premiums depend on age, policy term (e.g., 30–50 years), premium-paying term, smoking status, income/financial underwriting, and riders. For precise, comparable quotes at specific ages (e.g., 25/35/45), the insurer's calculators should be used under identical inputs.

(C) Key Plan Features and Riders:

It is found that few features are common across these plans: whole-life coverage options (up to age 85–100), accelerated terminal illness benefits in certain designs, accidental death/TPD riders, critical illness add-ons, income payout options, and premium-back variants. Distribution is primarily online with first-year promotional discounts in some cases. Insurers emphasise fast claim turnaround and digital documentation.

Recommendations:

- It is recommended that for ages 25–35 priority must be given to high cover with long tenure (to age 65–75) while premiums are lowest; consider adding accidental death and waiver-of-premium riders.
- For ages 35–45, it is recommended to balance cover size with affordability; evaluate Critical Illness riders (sum insured capped) based on health history and budget.
- It is further recommended to avoid over-insuring: match sum assured to income trajectory and liabilities; revisit coverage after major life events.
- Recommendation is also being made that each insurer's calculator must be used on the same day with identical inputs (age, tenure, non-smoker, ₹1 crore cover) to obtain apples-to-apples quotes.

Limitations and Future Work:

This study uses secondary Claim Settlement Ratio (CSR) data and publicly advertised premiums rather than standardised, calculator-derived quotes for fixed ages and

tenures. Future study can automate quote collection for ages 25, 35, and 45 with a 30–40 year tenure to statistically compare price curves; it can also incorporate CSR by benefit amount, claim turnaround medians, grievance ratios, and solvency margins.

Conclusion:

This study finds that HDFC Life, Max Life, Aditya Birla Sun Life, Bajaj Allianz Life, and Tata AIA Life all reported CSRs above 99% in FY 2023–24, signalling high reliability in claim payments. While their term plans share common design features, indicative starting premiums vary, particularly for younger entrants. In practice, consumers should pair CSR with standardised, like-for-like quotes and their rider needs to select an optimal plan. Any decision of purchasing term insurance plan must not be based upon limited data promoted or provided by any of these insurance companies. It is also concluded that online buying options must be explored which can reduce the premiums heavily for the prospective consumers.

References:

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