

**PRESS RELEASE**

## **HDFC Life releases the latest Life Freedom Index 2021 report**

- *Consumer confidence (on financial preparedness for the future) low in comparison to 2019*
- *Life Freedom Index drops by 4.8 points vis-à-vis 2019*
- *Metros and nuclear families see greater impact in comparison to those living in non-metros and joint families*
- *Familiarity with term insurance increases by 11 points; for endowment and unit linked plans it is up by 10 points*

**Mumbai, August 16, 2021** – HDFC Life, one of India’s leading private life insurance companies, has announced the latest findings of its Life Freedom Index (LFI) study. Established in 2011, the **Life Freedom Index (LFI)** enables the measurement of ‘financial freedom’ of consumers across four key segments: **Proud Parents, Wisdom Investors, Young Aspirants** and **Smart Women**. It includes four sub-indices: Financial Awareness Index, Financial Planning Index, Financial Sufficiency and Adequacy Index, and Financial Liberty Index.

LFI has been instrumental in providing deeper insights into the ever-changing financial needs of consumers across segments. The latest 2021 LFI study was conducted along with NielsenIQ across 14 cities (including Metros, Tier 1 and Tier 2) with 1987 respondents.

[Click here for the full report](#)

### **Some key findings:**

- In 2021, the Life Freedom Index has seen a drop of 4.8 points vis-a-vis that of 2019 indicating the impact of COVID-19. Consumer confidence has been low post the two waves. Current financial plans seem inadequate. Hence the most significant drop is observed in the financial sufficiency and adequacy index
- The impact of COVID-19 is more severe across metros in comparison to Tier 1 and Tier 2 cities
- Nuclear families have been the most impacted with an LFI drop of 10.5 points while joint families have been stable, possibly due to a better support system in the time of crisis
- Almost 90% consumers have faced salary cuts or business losses to some extent, due to which the respondents are still concerned about COVID-19

- The top three concerns for the future - economic slowdown, job insecurity and fear of debt due to lack of income – are driving low confidence in terms of financial preparedness

### **Increase in awareness on financial planning and life insurance**

- Financial awareness has increased during the last two waves. Consumers are looking to empower themselves with a better understanding of financial planning
- Maintaining one's standard of living under unexpected adverse events has been an important factor driving the need for financial security
- Familiarity with term insurance has increased by 11 points. For both endowment and unit linked plans, it has gone up by 10 points
- COVID-19 has highlighted the importance of life insurance. 41% respondents have availed a life insurance policy post the first wave that enabled them to plan better for the second wave

### **Segment Level Trends**

- The impact of COVID-19 on financial preparedness is more prominent amongst Proud Parents followed by the segment of Smart Women. This is largely driven by the feeling of insufficiency
- Wisdom Investors and Young Aspirants have seen the least impact. This is likely due to reasons such as maturity in investments and no dependents / lesser financial responsibilities, respectively

### **Vishal Subharwal, Head – Marketing, Digital Business & E-commerce – HDFC**

**Life** said, "Life Freedom Index is our barometer for measuring the levels of financial awareness, the planning and the adequacy of the plan. Over the last few years we have seen changing trends. What makes the report different this time is the pandemic and its impact on consumer confidence.

The 4.8 point drop in the index indicates that the health pandemic has turned into a financial concern with various challenges surfacing.

Better financial planning with life insurance has emerged as the need of the moment. We hope individuals with responsibilities will see value in securing themselves financially thereby protecting their families from unforeseen events."

## **About HDFC Life:**

HDFC Life Insurance Company Limited ('HDFC Life' / 'Company') is a joint venture between HDFC Ltd., India's leading housing finance institution and Standard Life Aberdeen, a global investment company.

Established in 2000, HDFC Life is a leading long-term life insurance solutions provider in India, offering a range of individual and group insurance solutions that meet various customer needs such as Protection, Pension, Savings, Investment, Annuity and Health. As on June 30, 2021, the Company had 37 individual and 13 group products in its portfolio, along with 7 optional rider benefits, catering to a diverse range of customer needs.

HDFC Life continues to benefit from its increased presence across the country having a wide reach with 390 branches and additional distribution touch-points through several new tie-ups and partnerships. The count of our partnerships is around 300, comprising traditional partners such as NBFCs, MFIs and SFBs, and including new-ecosystem partners. The Company has a strong base of financial consultants.

For more information, please visit our website, [www.hdfclife.com](http://www.hdfclife.com). You may also connect with us on [Facebook](#), [Twitter](#), [YouTube](#) and [LinkedIn](#).

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