

FINOLOGY

BEST TERM INSURANCE

2026





Following the GST reforms, we have been receiving numerous calls, emails, messages, and even comments requesting that we update our 2026 term insurance recommendation.

So, keeping all these requests in mind, here is Finology's Best Term Insurance recommendation for 2026.

In this year's edition, we will shortlist the top 2 term insurance plans from 21 life insurance companies, and then pick the best health policy from each of them.

We evaluated 21 life insurers in India, applying a mix of both quantitative and qualitative filters.

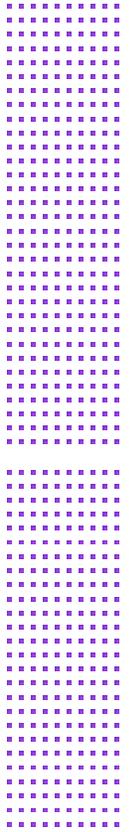
Criteria 1: Claim Settlement Ratio

The Claim Settlement Ratio (CSR) is the percentage of death claims a company actually pays out against the total number of claims received in a year.

We used a 4-year average CSR to get a true picture of their consistency.

- The industry's 4-year average CSR is 98.66%.
- We set a higher standard and only considered companies with a CSR above 99%.

Through this filter, we removed 11 of the 21 life insurance companies.



Criteria 2: Amount Settlement Ratio

The Amount Settlement Ratio (ASR) is about the total money paid by the insurance company for settling claims received. For example, if families claimed ₹100 crore but the company paid only ₹92 crore, the ASR is 92%.

This is crucial because companies often pay small claims (like ₹15-20 lakh) quickly to maintain a high CSR. But large, critical claims (like ₹1-2 crore) face more scrutiny and can be reduced or delayed.

If a company's CSR is 99% but its ASR is 80%, it's a red flag. It means they might be approving many small claims but are hesitant to pay the full amount on the big ones.

- The industry's 4-year average ASR is 94%.
- We considered companies with a 4-year average ASR above 95%.

Applying this second filter removed 2 companies, and we were left with 8 companies.

3rd Filter: Solvency Ratio

The IRDAI's minimum solvency ratio of 1.5 is just the survival line.

Anything close to 1.5 means it's just avoiding a penalty.

If the buffer is small, any business shock can force cost-cutting or aggressive claim scrutiny.

Term insurance is a 30-40 year commitment. We looked for companies that can:

- Survive multiple economic cycles
- Handle claim spikes (like during pandemics)
- Pay large claims 20-30 years from now

That's why we set our cutoff higher, and looked for companies with a 4 year average Solvency Ratio > 1.80.

Post this filtration, we were left with 6 companies.

4th Filter: Annual Business Volume

We use a benchmark of ₹5,000 crore in annual premiums.

Why this number? Because insurance is a scale business. Below this level, a company is considered small or sub-scale.

A larger premium pool means the company is stronger. It can:

- Stronger bargaining power with reinsurers
- Survive periods with many large claims.
- This scale lowers the cost per policy by spreading the fixed costs of IT, claims processing, and customer service across millions of customers.
- Invest in advanced underwriting tech and strong fraud control systems.

Simply put, a ₹5,000 crore+ volume shows the company is a major national player, not a small or regional one.

After this filtration, we reached the final 2 companies:

1. Axis Max Life Insurance
2. Tata AIA Life Insurance

Add- ons

1. Critical illness rider

Acts as an instant cash cushion if you are diagnosed with a serious illness like cancer, heart attack, stroke, or kidney failure.

How is it different from health insurance, and why you still need it?

- Health insurance settles hospitalisation bills, only when you are inside.
 - This rider credits a lump sum amount to your bank account, giving you flexible money for non-hospital expenses
 - Recovery from critical illnesses may take years or end with your life. Continuous medication like in early stage cancer therapies, dialysis, and travel usually not fully covered by health insurance
- Opt for minimum ₹20 lakh coverage, higher if your income, EMI load, or dependents require it

Don't settle for policies that end coverage at age 50 or have limited coverage periods. Most critical illnesses strike after 45, so you need protection when you're most vulnerable.

2. The Disability Rider

Opt for a minimum ₹40-50 lakh coverage.

This rider does two crucial things if you are diagnosed as 50% disabled:

1. It waives all your future premiums. You never pay a premium for the policy again, while still giving you the cover benefits.
2. It pays you a lump sum of the coverage amount.
3. This protects your family's finances even if your ability to earn is taken away.

Common FAQs Before You Buy

Q1. What's the minimum income and age for term insurance?

- Ans:**
- Minimum age: 18 years
 - Minimum income: Varies by insurer, but income proof is mandatory
 - NRIs can buy Indian term insurance (claims are valid even if death occurs abroad)

Q2: Which deaths are NOT covered?

- Ans:**
- Suicide within the first policy year
 - Death due to war, terrorism, or natural disasters
 - Murder by the nominee
 - Death from criminal activities or drug overdose

Q3: I sometimes smoke/drink. Should I disclose?

Ans: Yes. Always disclose tobacco/alcohol use, even if occasional. Hiding this can get your claim rejected later. Insurers need accurate information to calculate your premium correctly.

Q4: Can I port my term insurance?

Ans: No. Unlike health insurance, term plans cannot be ported. You can stop an existing policy and buy a new one, but you'll pay higher premiums due to your increased age.



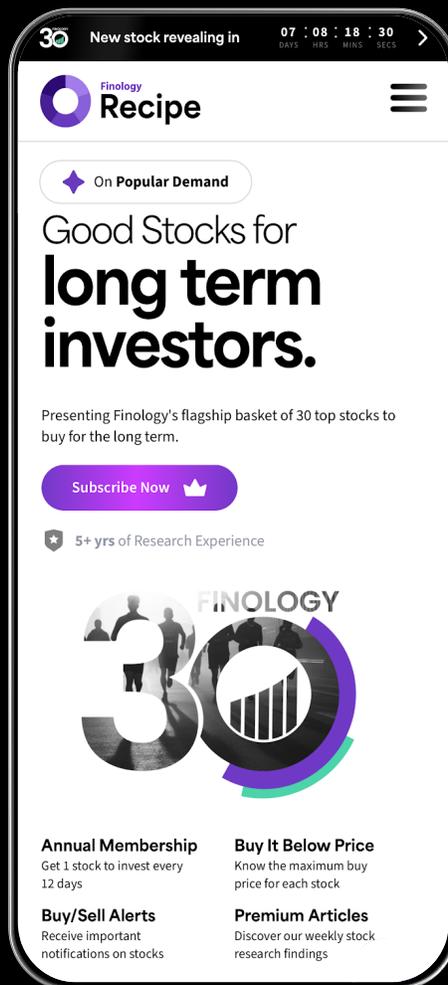
Life insurance isn't an investment product—its purpose is protection. For investment & better returns, investing in stocks makes sense, provided you aren't doing it just for the thrills!

If you are serious about your wealth creation, invest strictly for the long-term.

-  No portfolio circus
-  No unwanted risks
-  No frequent churns
-  No stocks for thrill
-  No get-rich-quick ideas

Introducing, **Finology 30**

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The smartphone screen displays the Finology 30 app interface. At the top, it shows a countdown timer for a new stock reveal: 'New stock revealing in 07 : 08 : 18 : 30'. Below the Finology Recipe logo, a badge indicates 'On Popular Demand'. The main headline reads 'Good Stocks for long term investors.' followed by a sub-headline: 'Presenting Finology's flagship basket of 30 top stocks to buy for the long term.' A prominent purple 'Subscribe Now' button with a crown icon is visible. Below this, it states '5+ yrs of Research Experience'. The central graphic features a large '30' with a bar chart and a line graph. At the bottom, there are four key benefits listed: 'Annual Membership' (Get 1 stock to invest every 12 days), 'Buy It Below Price' (Know the maximum buy price for each stock), 'Buy/Sell Alerts' (Receive important notifications on stocks), and 'Premium Articles' (Discover our weekly stock research findings).

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