

CONSUMER BUYING BEHAVIOUR FOR HEALTH INSURANCE PLANS : A STUDY AMONG MIDDLE CLASS HOUSEHOLDS

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ABSTRACT

Health insurance is an essential financial safeguard, yet the decision-making process behind purchasing insurance plans varies significantly among middle-class households. This study investigates the key factors influencing consumer buying behavior when selecting health insurance plans. The research explores determinants such as income constraints, policy awareness, perceived financial risk, trust in insurance providers, previous medical experiences, and the growing role of digital platforms in decision-making.

Surveys reveals key barriers to health insurance adoption, including affordability concerns, limited knowledge of policy benefits, and skepticism regarding claim settlements. Additionally, external influences such as peer recommendations, advertising, and governmental incentives play a crucial role in shaping consumer choices. Findings indicate that middle-class consumers prioritize affordability, comprehensive coverage, and an efficient claims process over brand reputation.

The study provides actionable insights for policymakers and insurance providers, emphasizing the need for enhanced awareness campaigns, trust-building initiatives, and simplified policy structures. Recommendations focus on improving consumer education, leveraging digital marketing strategies, and ensuring transparent claim settlement processes to bridge the gap between consumer needs and available insurance solutions.

Keywords- Consumer behavior, health insurance, middle-class households, decision-making, affordability, policy awareness, digital platforms, claim settlement, trust in insurers, insurance adoption barriers.

INTRODUCTION

The customer feedback data provides deep insights into consumer behavior regarding health insurance purchases. The majority of respondents belong to the 18-25 and 26-35 age groups, consisting mainly of students, working professionals, and business owners. Their monthly household income ranges from below ₹20,000 to over ₹1,00,000, highlighting a broad economic spectrum. Educational qualifications also vary, with respondents having high school, undergraduate, and postgraduate degrees. Despite this diversity, a significant number of respondents do not own health insurance, either due to lack of awareness, affordability concerns, or personal skepticism. Among those who do, most purchased their policies online, indicating a growing preference for digital channels over traditional agents or banks. However, some individuals expressed disinterest in health insurance altogether, suggesting potential trust issues or a lack of perceived value in insurance plans.

When analyzing the decision-making process, key factors influencing purchases include policy features and company reputation, while factors such as premium costs, claim settlement ratios, and additional benefits were not explicitly mentioned by all respondents. This suggests that consumers may not be conducting extensive research before making a purchase, possibly relying on surface-level factors rather than in-depth policy comparisons. Additionally, awareness of recent developments in the insurance industry appears to be inconsistent—while some respondents were well-informed, others were either unaware or indifferent. The introduction of new insurance features has had a mixed impact, with responses ranging from Yes and Maybe to outright No, indicating that while some consumers recognize the value of new offerings, others remain disengaged or unimpressed. This highlights the need for insurers to focus on customer education and engagement strategies to ensure that consumers understand the benefits of evolving insurance policies.

The final aspect of the analysis focuses on consumer satisfaction and willingness to recommend their insurance policies. While some insured individuals expressed satisfaction and stated they would recommend their policy to friends and family, others responded negatively or hesitantly. This suggests that insurers need to improve customer experience, transparency, and post-purchase support to foster stronger brand loyalty. The presence of skeptical and dissatisfied consumers highlights the necessity for companies to enhance communication, simplify policy details, and build trust through personalized services and effective claim settlements. Overall, the data underscores the importance of targeted awareness campaigns, consumer education, and trust-building initiatives to improve health insurance adoption rates and customer satisfaction.

LITERATURE REVIEW

The analysis using the Test of Equality of Group Means confirmed that individuals with a health insurance policy (Buyers) exhibited higher mean values compared to those without a policy (Non-Buyers). The results indicated a significant difference across all categories, demonstrating that personal, marketing, and social factors varied notably between insured and uninsured individuals. (Mistry, D. S., & Vyas, P. C. 2021) Indian Parliament recently enacted the Insurance Regulatory and Development Authority (IRDA) Bill, a crucial beginning of reforms that would have substantial effects on the health industry. Insurers from the public sector, including the National Insurance Company, New India Assurance, Oriental Insurance, and United India Insurance, handle around Rs 6,000 crore worth of health insurance business in India. However, India's health insurance industry only covers a tiny percentage of the population (about 10%)[2]. At the present time, in India, there are a variety of health insurance options, including private for-profit plans, employer-based plans, non-profit health insurance, and mandatory government-run plans (such asESIS and CGHS). An estimated US\$280 billion would be generated by the Indian healthcare business by 2030, based on current trends(Chattha, S. (2020). Health insurance has become essential in today's world, providing individuals with financial security and access to quality healthcare. While it has made it easier for people to secure their health, a significant portion of the population has yet to benefit from it due to a lack of awareness and clarity regarding policy details. Many individuals remain uninformed about the advantages and coverage options available, leading to hesitation in purchasing a policy. To bridge this gap, insurance companies should focus on developing clear, transparent policies and effectively communicating the applicable details of their services. By enhancing consumer education and simplifying policy terms, insurers can improve trust, encourage higher adoption rates, and ensure that more people can take advantage of the benefits health insurance offers. (Atodaria, Z., Golwala, H., & Ahir, B). Despite the many benefits of life insurance, many people hesitate to purchase a policy for

various reasons. These include a lack of awareness, the absence of a legal requirement, distrust in insurance companies or agents, the perception that it offers no immediate benefits, or the belief that it is too expensive. While life insurance is essential for financial security, only 30% of Indians are currently covered under an insurance policy, according to IRDAI. (Peter, S., & Sachdev, S.)

Prior to privatization of insurance sector, Life Insurance Corporation (LIC) of India was the sole player in the life insurance industry in India. In six years since the entry of private players in the insurance market, LIC has lost 29% market share to the private players, although both, market size and the insurance premium being collected, are on the rise. Goswami, P. (2007)

RESEARCH OBJECTIVE

1. Who Buys Health Insurance? – People’s decisions depend on factors like age, income, job, education, and location. Younger people look for affordable options, while older individuals focus on coverage. Higher-income groups prefer premium plans, while lower-income individuals may hesitate due to costs.
2. What Drives or Stops Them? – Some people see health insurance as essential, while others avoid it due to cost, complexity, or lack of awareness. Understanding these differences can help insurers create better policies that fit diverse needs.
3. How is the Industry Changing? – Technology, AI, and data analytics are making insurance more personalized. People are buying policies online, and insurers now offer rewards for healthy lifestyles through wellness programs.
4. What’s the Future? – The rise of telemedicine, digital healthcare, and government policies is making insurance more accessible. To ensure more people get covered, the industry needs to focus on simplifying policies and building trust.

RESEARCH METHODOLOGY

1. Research Design

This study follows a quantitative research design, focusing on numerical data and statistical analysis to identify customer behavior patterns. A descriptive research approach is used to summarize customer experiences and satisfaction levels, while an exploratory aspect helps uncover potential factors influencing feedback.

2. Data Collection Methods

The study relies on primary data collected through:

- Surveys and feedback forms – Structured questionnaires capturing customer opinions.
- Customer service records – Interactions recorded through calls, emails, or chat support.
- Online review analysis – Aggregating customer feedback from digital platforms.

These methods ensure diverse perspectives and provide measurable insights into customer satisfaction.

3. Sampling Techniques

A non-probability sampling approach is applied, with methods such as:

- Convenience sampling – Data is collected from customers who voluntarily provide feedback.

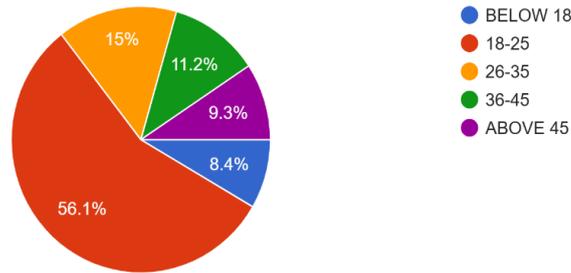
- Purposive sampling – Feedback is gathered from specific customer segments relevant to the study.

ANALYSIS AND INTREPRETATION

1. Demographic Insights

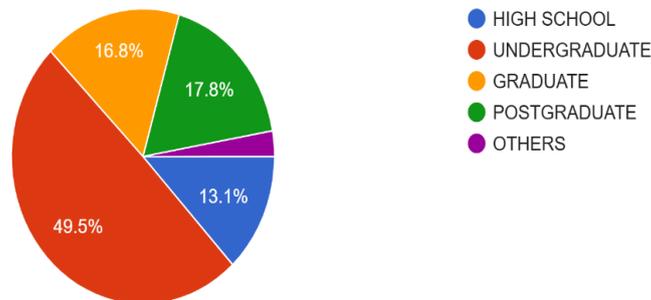
Age Group Distribution

AGE GROUP
107 responses



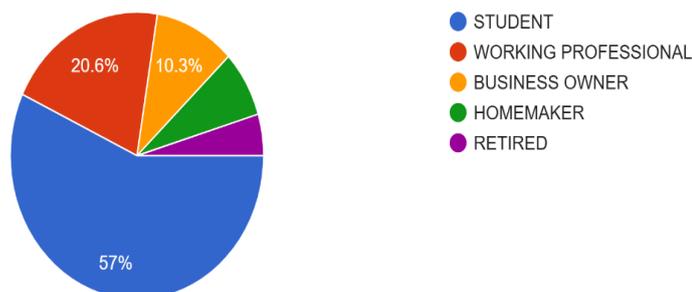
Educational Qualification Occupation

EDUCATONAL QUALIFICATION
107 responses



Occupation

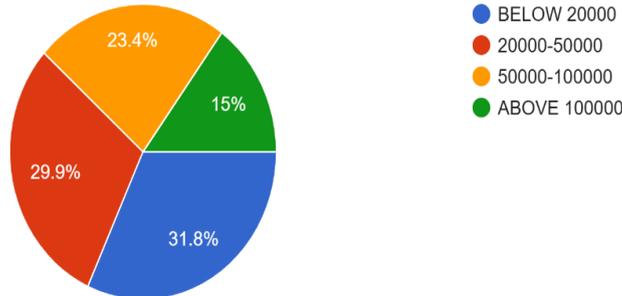
OCCUPATION
107 responses



Monthly Household Income

MONTHLY HOUSEHOLD INCOME

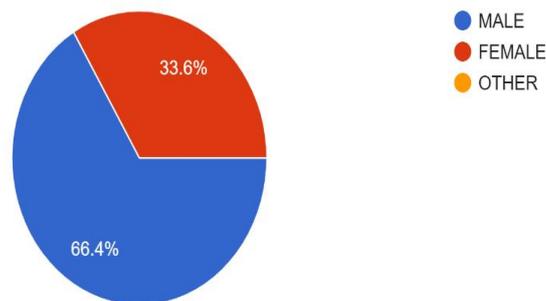
107 responses



Gender

GENDER

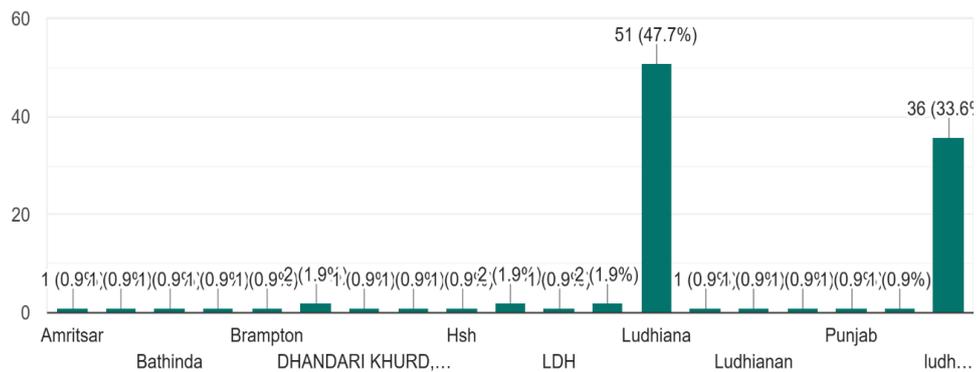
107 responses



City/Town of Residence

CITY/TOWN OF RESIDENCE

107 responses

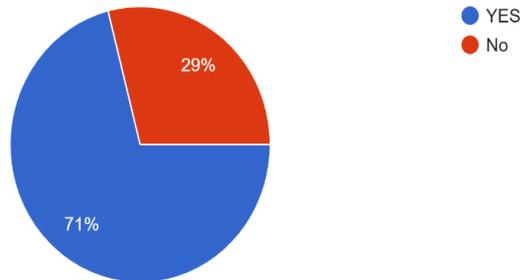


2. Health Insurance Ownership and Buying Behavior

Do You Have Health Insurance?

DO YOU HAVE A HEALTH INSURANCE?

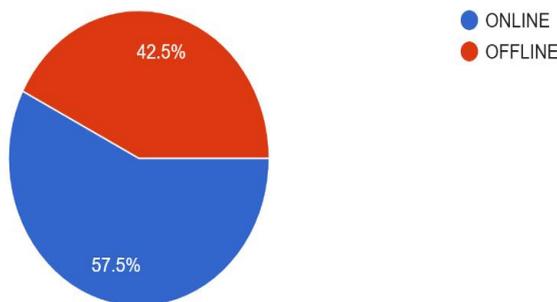
107 responses



Where Did You Buy Your Health Insurance?

WHERE DID YOU BOUGHT YOUR HEALTH INSURANCE?

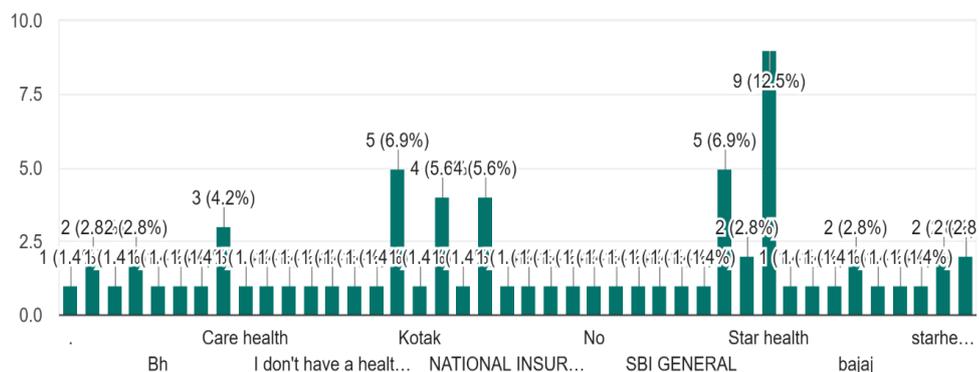
80 responses



Type of Health Insurance Owned

IF YOU HAVE HEALTH INSURANCE WHICH IS IT?

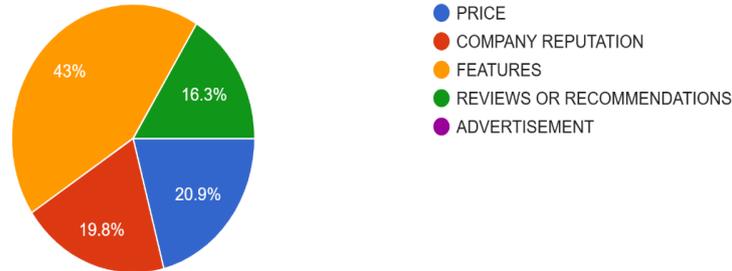
72 responses



3. Key Factors Influencing Purchase Decisions

WHICH FACTOR INFLUENCED YOUR PURCHASE DECISION THE MOST?

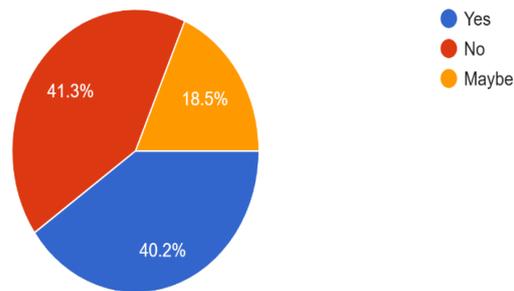
86 responses



4. Awareness and Adoption of New Insurance Trends

ARE YOU AWARE OF THE RECENT NEWS IN INSURANCE COMPANIES

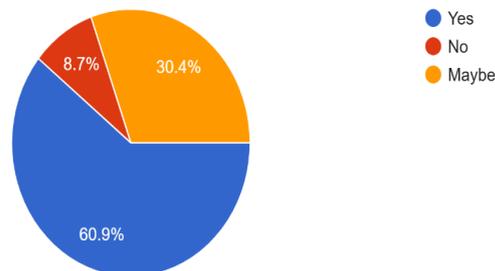
92 responses



5. Customer Satisfaction and Brand Loyalty

WOULD YOU RECOMMEND YOUR RECENT HEALTH INSURANCE TO YOUR FRIENDS AND FAMILY?

92 responses



1. Demographic Overview

The survey data comprises 107 respondents, representing diverse age groups, occupations, income levels, and locations.

- **Age Distribution:** The majority of respondents (56%) belong to the 18-25 age group, followed by 26-35 years.

- **Educational Qualification:** The largest proportion (50%) hold an undergraduate degree, with the remainder distributed among high school, postgraduate, and professional degrees.
- **Occupation:** Students (57%) form the largest occupational group, followed by working professionals, business owners, and government employees.
- **Monthly Household Income:** Most respondents fall into the "Below 20,000" income bracket, followed by those earning between 20,000-50,000.
- **Gender Distribution:** The sample is predominantly male (66%), with 34% female respondents.
- **Geographical Distribution:** The most commonly mentioned location is Ludhiana, followed by other urban and semi-urban areas.

These demographic trends suggest that the dataset primarily represents younger individuals, students, and working professionals, particularly from lower-to-middle income groups.

2. Health Insurance Ownership Trends

- **Insurance Penetration:** A significant 71% of respondents reported having health insurance, while 29% remain uninsured.
- **Mode of Purchase:** Among those with health insurance, 57.5% purchased their policy online, whereas 42.5% opted for offline channels such as agents or direct company representatives.

The high percentage of online purchases suggests increasing digital adoption in the health insurance sector, possibly driven by convenience, accessibility, and promotional offers from insurance providers.

3. Factors Influencing Health Insurance Purchase Decisions

When asked about the most critical factors influencing their health insurance purchase decisions, respondents highlighted the following:

- **Insurance Features (43%):** The most influential factor, indicating that customers prioritize coverage, benefits, and policy inclusions.
- **Price (21%):** Cost considerations remain a significant factor, especially among younger and lower-income respondents.
- **Company Reputation (20%):** Brand trust and reliability play a crucial role in decision-making.
- **Reviews and Recommendations (16%):** Peer influence and online reviews also impact customer choices, but to a lesser extent than other factors.

These findings indicate that product attributes and affordability are the key drivers of health insurance adoption, while company reputation and peer recommendations serve as secondary influences.

4. Awareness and Impact of New Insurance Features

- **Awareness of Industry News:** 41% of respondents were unaware of recent developments in the insurance industry, while 40% were informed. The remaining 18% expressed uncertainty about their awareness.
- **Influence of New Insurance Features:**

- 45% stated that recent product features did not impact their purchasing decision.
- 31% reported that new features influenced their decision.
- 24% remained uncertain about the impact of new features.

This suggests that while insurance companies introduce new features and policy enhancements, their effect on consumer decision-making remains limited. More effective communication and awareness campaigns may be necessary to bridge this gap.

5. Willingness to Recommend Health Insurance

- 61% of respondents expressed willingness to recommend their current health insurance provider to family and friends.
- 30% were uncertain, while only 9% stated that they would not recommend their insurance.

The high recommendation rate (61%) implies a general satisfaction with health insurance services among policyholders. However, the 30% uncertainty rate suggests room for improvement in customer engagement and service delivery.

CONCLUSION

This research highlights how people perceive and engage with health insurance. The shift toward online purchases shows a preference for convenience, but some remain uninsured due to cost, lack of awareness, or distrust.

When choosing a plan, people prioritize coverage and benefits over price alone. Trust in the insurance provider also plays a key role. However, many are unaware of industry updates, suggesting a need for better communication from insurers.

While most policyholders are satisfied, some remain uncertain, pointing to areas for improvement in customer service and claims processing. Ultimately, people want more than just financial protection they want peace of mind. To build lasting trust, insurers must focus on transparency, simplicity, and genuinely supporting their customers.

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