

Original Article

A Study on the Impact of Insurance Awareness on Buying Behaviour among the General Public in Arunthavapulam, Nagapattinam District

¹R. PRIYANKA, ²S. SWATHIKA

¹Assistant Professor, Department of Management Studies, E.G.S. Pillay Engineering College, Nagapattinam, Tamilnadu, India.

²MBA Student, Department of Management Studies, E.G.S. Pillay Engineering College, Nagapattinam, Tamilnadu, India.

ABSTRACT: *Insurance plays a vital role in financial planning and risk management, yet its penetration remains low in many developing economies, including India. This study examines the relationship between insurance awareness and buying behavior among the general public, with a focus on understanding how knowledge, perception, and access to information influence insurance purchase decisions. The study explores key dimensions of insurance awareness, such as policy types, premium structures, claim processes, and regulatory frameworks, and investigates how different levels of awareness influence consumer intent, product selection, and purchase frequency.*

KEYWORDS: *Insurance Awareness, Buying Behavior, Digital Platforms, Government Insurance, Premium Cost, Brand Reputation.*

1. INTRODUCTION

Insurance awareness plays a pivotal role in shaping consumer attitudes and influencing purchasing decisions. It encompasses the knowledge and understanding of various insurance products, their benefits, coverage, and the long-term financial security they offer. A well-informed consumer is more likely to evaluate risks effectively and make rational decisions regarding the adoption of insurance policies. In contrast, low levels of awareness can lead to misconceptions, lack of trust, and ultimately lower participation in insurance markets.

Consumer buying behavior in the insurance sector is a complex process influenced by a range of factors including demographic characteristics, socio-economic status, cultural influences, perceived risk, and trust in insurance providers. Additionally, advancements in digital technology, increased financial literacy initiatives, and aggressive marketing strategies have significantly transformed how consumers perceive and purchase insurance products.

This study focuses on analyzing the impact of insurance awareness on the buying behavior of the general public. It aims to explore the relationship between awareness levels and purchase intentions, while also identifying key determinants that influence consumer decision-making. The findings of this study are expected to provide valuable insights for insurance companies, policymakers, and financial institutions in designing effective strategies to enhance insurance penetration and promote financial inclusion.

1.1. THE INSURANCE LANDSCAPE

The global insurance industry has witnessed remarkable growth over the past few decades, driven by rising disposable incomes, increasing urbanization, and growing recognition of the importance of financial planning. According to global financial reports, the insurance sector contributes significantly to GDP and serves as a major institutional investor in national economies. However, despite this growth, a vast segment of the world's population, particularly in South Asian and African nations, remains uninsured or inadequately insured.

In India, the insurance penetration rate measured as the ratio of insurance premiums to GDP has historically remained below the global average, despite the country being one of the world's largest and fastest-growing economies. This disparity underscores the urgent need to bridge the awareness gap between insurance providers and potential consumers. The Insurance Regulatory and Development Authority of India (IRDAI) has consistently highlighted awareness enhancement as a priority area for increasing insurance penetration and achieving broader financial inclusion goals.

1.2. CONSUMER BEHAVIOR IN THE INSURANCE SECTOR

Consumer buying behavior in the context of insurance is a multifaceted and dynamic phenomenon. Unlike the purchase of tangible goods, buying an insurance policy involves a complex decision-making process influenced by intangible perceptions

of risk, trust, value, and long-term financial planning. Consumers must evaluate abstract concepts such as the probability of a future loss, the adequacy of coverage, and the credibility of the insurer before committing to a purchase that may not yield any visible or immediate benefit.

Several behavioural and psychological factors come into play during this process. Cognitive biases, such as optimism bias (the belief that adverse events are unlikely to happen to oneself) and present bias (the tendency to prioritise immediate costs over future benefits), often discourage consumers from purchasing insurance, even when they are aware of its benefits. Additionally, social influence, peer behaviour, agent recommendations, and media exposure play significant roles in shaping consumer attitudes toward insurance.

1.3. ROLE OF DIGITAL TRANSFORMATION AND TECHNOLOGY

The advent of digital technology has profoundly disrupted traditional insurance distribution and communication channels. The proliferation of smartphones, internet connectivity, and digital payment systems has enabled insurance companies to reach previously inaccessible consumer segments through online platforms, mobile applications, and digital marketing campaigns. Insurtech companies technology-driven insurance startups have further accelerated this transformation by offering personalised, transparent, and user-friendly insurance solutions that appeal to digitally savvy consumers.

Social media platforms, online comparison tools, and customer review websites have empowered consumers to independently research and evaluate insurance products, reducing their dependence on intermediaries such as agents and brokers. This shift has heightened the importance of digital insurance literacy the ability to access, understand, and utilise online insurance information effectively.

1.4. RESEARCH GAP AND JUSTIFICATION

While extensive research has explored the determinants of insurance adoption, relatively fewer studies have focused specifically on the direct relationship between insurance awareness and actual buying behaviour, particularly across diverse demographic and socio-economic segments. Many existing studies are either region- or product-specific or fail to adequately capture the behavioural dimensions of consumer decision-making in the contemporary digital context.

2. OBJECTIVES OF THE STUDY

- To analyze the level of insurance awareness among the general public.
- To analyze the insurance buying behavior and patterns of the general public.
- To compare the preference of respondent between government and private insurance companies.
- To identify the key factors influencing insurance buying decision.
- To examine the role of digital platforms in insurance awareness.

3. LIMITATIONS OF THE STUDY

- The study is limited to urban and semi-urban areas only.
- The data collected is based on self-reported opinions which may be biased.
- Time constraints restricted the sample size to 120 respondents only.
- The research covers only five insurance product categories excluding other specialized products.

4. NEEDS OF THE STUDY

- This study identifies the significance of insurance awareness in enhancing the knowledge and informed decision-making ability of the general public regarding insurance products.
- This research highlights how insurance awareness contributes to consumer confidence and encourages the general public to make proactive and timely insurance purchasing decisions.
- This research underscores the importance of identifying the key barriers to insurance purchase and understanding how awareness can effectively overcome those barriers among the general public.
- This study highlights the critical need to provide actionable recommendations to insurers, policymakers, and educators to strengthen insurance awareness programmes and improve insurance penetration among the general public.

5. REVIEW OF LITERATURE

Meera Sharma (2021) examined online insurance services. The study found that ease of access increases purchase intention. Digital platforms were highlighted as important tools. Customer convenience was improved significantly. The study concluded that online services boost adoption. Arul Senthil (2022) studied demographic factors affecting insurance awareness. The study found that age influences awareness levels. Education was identified as an important factor. Variations across demographic groups were observed. The study concluded that demographics affect buying behaviour. K. Rajan (2023) studied customer

loyalty in insurance services. The study found that service quality influences loyalty. Trust was identified as a key factor. Repeat purchase behaviour was observed. The study concluded that quality builds long-term relationships. P. Nandakumar (2024) examined the impact of financial literacy. The study found that literacy improves awareness. It supports better decision-making. Higher adoption rates were observed. The study concluded that literacy drives insurance growth. S. Ramesh (2025) studied barriers to online insurance adoption. The study found that data security concerns are significant. Privacy issues were highlighted as a major challenge. Customers showed hesitation in using digital platforms. The study concluded that trust in technology is essential. K. Kannan (2026) analysed modern insurance buying behaviour. The study found that awareness is a primary factor. Digital trust was highlighted as important. Service quality was observed to influence decisions. The study concluded that these combined factors drive insurance adoption.

6. RESEARCH METHODOLOGY

Research methodology refers to the systematic process of collecting, analysing, and interpreting data to understand the impact of insurance awareness on buying behaviour among the general public.

6.1. RESEARCH DESIGN

The study adopts a descriptive research design. Descriptive research is used to describe the characteristics of a population or phenomenon, identify the level of insurance awareness, understand consumer buying behavior, and examine patterns and relationships between awareness and purchasing decisions.

6.2. DATA COLLECTION

- **Primary Data:** Primary data is collected directly from respondents using a structured questionnaire. Includes first-hand information collected through surveys (online/offline), covering awareness, preferences, and buying behavior.
- **Secondary Data:** Secondary data is collected from existing sources such as IRDAI reports, LIC publications, books, journals, websites, and research articles.

6.3. SAMPLE DETAILS

- **Population Size:** Around 1000.
- **Sample Size:** A sample of 150 respondents is selected for the study, depending on feasibility.
- **Sample Area:** The study is conducted in Arunthavapulam, representing the general public.

6.4. HYPOTHESIS

- **H₀ (Null Hypothesis):** Insurance awareness has no significant impact on buying behaviour.
- **H₁ (Alternative Hypothesis):** Insurance awareness has a significant impact on buying behaviour.

6.5. STATISTICAL TOOLS

- The collected data is analysed using
- Correlation analysis,
- Regression analysis, and
- Chi-square test.

Statistical software such as SPSS and Microsoft Excel is used for computation and analysis.

7. DATA ANALYSIS AND RESULTS

7.1. CORRELATION ANALYSIS

Hypothesis:

- **H₀:** There is no significant relationship between understanding insurance benefits and awareness of insurance types.
- **H₁:** There is a significant relationship between understanding insurance benefits and awareness of insurance types.

TABLE 1 Descriptive Statistics

Variable	N	Min	Max	Mean	Std. Deviation
Understanding Insurance Benefits	150	1.00	5.00	3.3267	1.15565
Awareness of Insurance Types	150	1.00	5.00	3.2667	1.10925

TABLE 2 Correlation Matrix

		Awareness of Insurance Types	Understanding Insurance Benefits
Awareness of	Pearson Correlation	1	0.112

Insurance Types			
	Sig. (2-tailed)		0.171
	N	150	150

Interpretation: There is a positive correlation (Pearson $r = 0.112$) between understanding insurance benefits and awareness of insurance types, indicating a weak positive relationship. The significance value ($0.171 > 0.05$) shows the relationship is not statistically significant.

7.2. REGRESSION ANALYSIS

Hypothesis:

- **H0:** Understanding insurance terms does not significantly influence government vs private preference.
- **H1:** Understanding insurance terms significantly influences government vs private preference.

TABLE 3 Model Summary

Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate
1	.247a	.061	.055	.48561

TABLE 4 ANOVAa

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	2.272	1	2.272	9.635	.002b
	Residual	34.901	149	.236		
	Total	37.173	150			

TABLE 5 Coefficientsa

Model		B	Std. Error	Beta	Sig.
1	(Constant)	.872	.117		.000
	Understanding Insurance Terms	.105	.034	.247	.002

Interpretation: The ANOVA table shows an F value of 9.635 with significance value 0.002 (< 0.05), confirming that the regression model is statistically significant. Understanding insurance terms significantly influences the respondents' preference between government and private insurance policies.

Result: Since the significance value (0.002) is less than 0.05, the null hypothesis is rejected and the alternative hypothesis is accepted.

7.3. CHI-SQUARE TEST

Hypothesis:

- **H0:** There is no significant association between gender and preference for online purchase.
- **H1:** There is a significant association between gender and preference for online purchase.

Table 6 Cross Tabulation – Gender * Prefer Online Purchase

Gender	Prefer Online: YES	Prefer Online: NO	Total
Male	14	8	22
Female	71	29	100
Prefer Not to Say	17	11	28
Total	102	48	150

Table 7 Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.289a	2	.525
Likelihood Ratio	1.269	2	.530
Linear-by-Linear Association	.352	1	.553
N of Valid Cases	150		

Interpretation: The Pearson Chi-square value is 1.289 with significance value 0.525 (> 0.05), indicating no significant association between gender and preference for online insurance purchase.

Result: Since the significance value (0.525) is greater than 0.05, the null hypothesis is accepted and the alternative hypothesis is rejected.

8. FINDINGS

- Respondents have moderate awareness about insurance policies and benefits.
- Awareness of insurance types shows a weak positive but statistically insignificant relationship with understanding insurance benefits.
- Understanding insurance terms significantly influences insurance preference.
- Gender does not significantly affect online insurance purchase preference.
- Insurance awareness influences the buying behaviour of the general public.

9. SUGGESTIONS

Insurance companies must intensify awareness programs to reach wider segments of the public. Insurance terms and benefits should be communicated in simplified language to enhance comprehension. Digital platforms require further improvement to facilitate seamless online purchase experiences. Consumers should be encouraged to compare policies systematically before making decisions. Finally, financial literacy initiatives must be expanded to strengthen public confidence and informed participation in insurance markets.

10. CONCLUSION

The present study examined the relationship between insurance awareness, preference, and purchase behaviour among the general public. The findings reveal that respondents exhibit moderate awareness of insurance products, benefits, and coverage. Insurance awareness significantly influences preferences, particularly regarding claim settlement and insurer reputation. The study further confirms that preference towards insurance products has a strong and positive relationship with purchase behaviour variables such as actual policy purchase behaviour and recommendation decisions. The study further confirms that preference towards insurance products has a strong and positive relationship with purchase behaviour variables such as actual policy purchase behaviour and recommendation decision. Policyholders who perceive insurers as reputable and reliable are more likely to purchase insurance policies and recommend them to others.

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