

# Investigating the Factors Affecting Consumer Behaviour in Insurance Product Selection and the Role of Digital Channels in Influencing Decisions

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**Abstract:** The behaviour of consumers towards insurance has changed considerably as the level of financial awareness has risen and the digital channels are rapidly growing. This paper is an analytic study of the drivers of consumer behaviour in insuring products and the contribution of digital platforms to consumer purchase decisions. The study is analytical and descriptive and follows second-hand and observational data, without using questionnaire-based research and survey-based research. The frequency and percentage distributions were used to analyse a sample of 110 consumer cases, which determined the patterns concerning the demographic characteristics, factors that influence decisions, the types of insurance products they prefer and how the digital channels influence the decisions. The results indicate that the affordability of premiums and the coverage of different policies are the strongest determinants in the process of picking an insurance but the health and life insurance are the most popular products. The role of the insurance websites and the online aggregator platforms in the decision-making process of the consumers is dominant, which means that the dependence on organized and informative digital resources increases. The research findings are that the digital channels are supplementary to the established methods of distributing insurance, and they have become a part of the modern consumer decision-making processes in the insurance market.

**Keywords:** Consumer Behaviour; Insurance Product Selection; Digital Channels; Online Aggregators; Insurance Websites.

**Introduction** - Over the past few years, consumer behaviour in the insurance industry has been simplified to a great extent by the shift in socio-economic conditions, the heightened financial awareness of people, and the swift digitalisation of financial services. Insurance as a traditionally low-engagement, trust-based product is becoming more and more affected by informed choices, selection using comparison, and access to information facilitated by technology. The consumers do not depend on insurance agents or personal networks only but they are vigorously analyzing the features of policies, the structure of premiums, the ratios of claims settlement, or the quality of the services provided before they reach the decision to purchase the product.

The development of digital mediums, including insurance websites, mobile apps, social networks, online aggregators, and fintech systems, have radically transformed the manner in which insurance products are sold, conveyed and chosen. Such channels have enhanced a level of transparency, information asymmetry has been minimized, and the consumers have been empowered to compare a variety of products in real time. There is also an

impact of digital engagement on the formation of trust, perception of risk, and brand loyalty in the insurance sector. Knowledge of the aspects that dictate the choice of insurance products and the role played by the digital channels in the decision-making process by consumers is critical to insurers, policymakers and financial service marketers. This paper is an analytical study of the determinants of major behavioural implications of insurance choices and the examination of the impact of digital channels in consumer awareness, evaluation and ultimate purchasing decision.

**Background of the Study:** The insurance industry is very important in offering financial stability and insuring against risks to individuals and families. Historically, the sale of insurance products has been done by agents and intermediaries and the choice by consumers was highly dependent on personal interaction, trust and word of mouth communication. Nevertheless, the speed of economic growth, the growth of literacy rate, and the growing awareness on financial planning have dramatically changed the expectations of the consumers and decision-making processes in the insurance market.

Over the past few years, digital transformation has been a significant power that has transformed the insurance industry. Increased internet connectivity, mobile phones and digital financial services have facilitated consumers to have access to information, compare policies, and buy insurance products more easily and openly. Online aggregators, mobile apps, social media and websites of insurers have minimized information asymmetry and enabled consumers to can actively take part in the selection process.

Meanwhile, the consumer behaviour with regard to the choice of insurance products has gotten more complex and multi-dimensional. Premium affordability, the coverage of the policy, its performance in settling claims, brand credibility, peer pressure, and online ratings are factors that are becoming more interactive with online touchpoints, to determine the ultimate purchasing decision. In as much as the digital channels have provided efficiency and accessibility, concerns regarding the trust, the security of the data and the understanding of the products remain an issue to consumer confidence.

**Objectives of the Study:** The following objectives are followed in the present study:

1. To establish the major determinants of consumer behaviour that affect choice of insurance products.
2. To analyse the relative significance of economic, service-related and trust-based attributes in the purchase of insurance.
3. To examine how digital channels can be used when creating awareness and influencing the choice of insurance products.
4. To determine consumer preference in the various digital platforms in the insurance information and purchase.

#### **Review Of Literature**

Baranauskas and Raiðienė(2021) found out that platform-related attributes including perceived comfort in navigation, clarity and completeness of product details, and general trust in the online interface were a decisive factor in influencing consumers intentions to buy insurance products online. The authors also noted that the presence of comparison tools, customer ratings and peer recommendations increased the confidence of the users and the perceived high risk decreased in the decision making process. It was discovered that social proof mechanisms played a very significant role in the compensatory of the deficiency of face-to-face interaction that has been regarded as part of the insurance sales. The paper has highlighted that trust-building attributes such as open policy disclosure and safe online space played a critical role in promoting the use of the internet. Baranauskas and Raiðienė eventually concluded that the strategic focus of the insurers working on digital platforms should be redirected towards the user-centric design, the open communication and credibility improvement to increase the levels of online engagement and conversion rates.

Murlikrishna, Vishwas and Venugopal(2020) analyzed the determinants affecting the preference of online channels by customers when purchasing health insurance products and the determinants of the latter have been identified as technological convenience and perceived risk. Their review showed that customers were increasingly preferring online platforms because they were time-saving, convenient in accessing information, and digital platforms were flexible. The research indicated that the perceived usefulness, secure payment systems and responsive digital customer support were some of the determinants with a positive impact on channel choice. Nevertheless, the authors also discovered that there were serious obstacles to adoption, such as concerns with data privacy, absence of trust in online transactions, and digital illiteracy among some categories of consumers. It was discovered that such deterring forces decreased the readiness of customers to make insurance purchase over the internet even though they realised the convenience of online sites. The authors further established that health insurance providers had to invest in safe technological infrastructure, enhance user education and digital support services to improve the trust and retention of customers in the online channels.

**Sodiq** (2020)explored the purchasing behaviour of millennials on insurance products in the Nigerian insurance sector, providing information on the moving dynamics between generations and the consumer choices and perceptions of the new generation. The analysis showed that millennials had different preferences than the older generations especially in their dependency on digital media and influence by peers. The results showed that online marketing campaigns, use of social media, and peer recommendations had a significant impact on the millennials awareness and their intention to purchase. The consideration of price sensitivity and value-for-money became the decisive factors, as the younger consumers were revealed to have restricted financial resources and a tendency to make a rational choice. Also, the convenience of online communication, such as the simplification of online buying and mobile applications, was identified as a crucial factor in motivating millennials to take out insurance. According to Sodiq, the insurers that were interested in this group of people should have redesigned the traditional communication approaches, implemented the models of engagement, which are digital-first, and made the policies easier to understand to meet the demands of the technologically mindful consumers.

**Mathur and Tripathi** (2014)conducted an empirical research in Ajmer at the city level to examine the elements that determine the choice of insurance companies by customers in this case with the main consideration given to service quality and the reputation of the organisation. Their results predicted the persistence of the traditional service-oriented variables like claim settlement efficiency, agent reliability, and the entire credibility of insurance

providers. Although price competition in the insurance market has been on the rise, the customers were determined to value trust-based attributes and personalised service experiences during the choice of insurers. Another major area of focus in the study was the influence of insurance agents in manipulating customer decision making especially in the area of offering advice, explaining terms and conditions of the policies, and long-term relationships. Mathur and Tripathi came into a conclusion that to gain a competitive edge in the local markets an insurer had to enhance the quality of the after sales service, invest in training of its agents and keep its organisational image high to build customer loyalty and long-term market presence.

**Methodology:** The current research follows an analytical research design which is grounded on the secondary and observational data analysis. Questionnaire-based and survey-based data collection methods are not used in the study. Rather, it is based on the reported records of consumer interaction, summaries of policy options, reports of digital engagements and aggregated behavioural data retrieved on insurance service records and in industry-based datasets of consumer records.

The sample size was set on 110 cases of consumers who had interacted with insurance products via the traditional and digital channels. The information was logically classified to recognize the trends concerning demographic factors, factors affecting the decision, the insurance type people preferred, and the prevalent digital touchpoints.

Its analytical focus is purely descriptive based on frequency and percentage distribution in the interpretation of behavioural patterns and the role of the digital channels in selecting insurance products.

**Research Design:** The research is based on an analytical research design, which will help analyse the variables that impact consumer behaviour during the selection of insurance products and digital channels, which impact decision-making. It is a descriptive design and aims at characterizing patterns and relationships among the available consumer information as opposed to creating a causal conclusion.

**Sample Size:** Eleven cases of consumers were picked and analyzed. The sample is a representative of people who have ever dealt with insurance products either in the traditional channels, online, or both. The sample size was believed to be sufficient to undertake the descriptive analysis in terms of frequency and percentage distribution.

**Techniques of Analysis:** The analysis of the data is done using the descriptive statistical tools i.e., frequency and percentage analysis. The findings are represented in table and graphical forms to improve readability and proper comprehending. This method allows conducting a systematic study of consumer behaviour trends and the impact of digital channels without having to refer to survey-

based or inferential statistical methods.

**Result And Discussion:** In this section, the author expresses and analyzes the results of his research based on the analytical analysis of consumer-related data. The findings are systematically presented in terms of frequency and percentage distributions to bring out major trends in consumer behaviour involving the choice of insurance products. The discussion combines the given empirical observations with the theoretical understanding and available literature to elaborate on how the demographic characteristics, factors that may influence decision, preference, and the channel used in digital form influence consumer decisions in the insurance industry. The use of tables and graphical representations helps to increase clarity and allow meaningful interpretation of the findings.

**Age-wise Distribution of Consumers:** The age distribution of consumers that will be involved in the study is explained in Table 1. The highest percentage of consumers (38.18) is within the 25-35 years age group, and the second group is 36-45 years (27.27%). The number of consumers aged below 25 years is 16.36 and aged above 45 years is 18.19 the total number of consumers used in the sample.

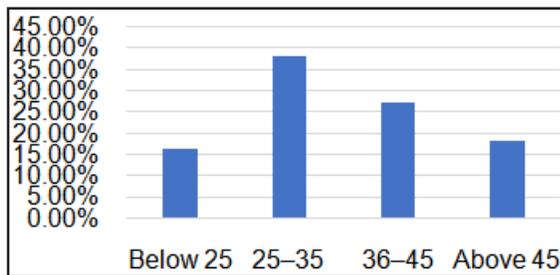
The preeminence of the 25-35 age bracket suggests that the youthful and early mid-career people are more actively involved in making decisions that surround insurance. The group can generally be identified as being more digitally exposed, financial planning aware and risk management needy. Older age groups also indicate that older age does not restrict the use of insurance but cuts across various life stages.

**Table 1: Age-wise Distribution of Consumers**

Age Group (Years)	Frequency	Percentage
Below 25	18	16.36%
25-35	42	38.18%
36-45	30	27.27%
Above 45	20	18.19%
<b>Total</b>	<b>110</b>	<b>100%</b>

Table 1 shows an age-based distribution of the consumers who were in the study. The largest number of consumers (38.18) are in the 25-35 years age bracket, with the next at 36-45 (27.27) years. The age groups above 25 years form 16.36 percent and age groups above 45 years form 18.19 percent of the total sample.

This distribution implies that younger people under the age of thirty and middle-aged people are more engaged in the decision-making process concerning insurance issues. These are younger groups and they tend to be more conscious of money, digitally engaged and geared towards future security issues like protection of their health and family matters. The inclusion of the older consumers also points to the fact that the rate of insurance adoption cuts across the different stages of life and does not only apply to the younger consumers.



**Figure 1:** Graphical Representation of the Percentage of Age-wise Distribution of Consumers

The graph in figure 1 shows the distribution of consumers in percentages according to different age groups. The data obviously indicates an increase in 25-35 years range which visually testifies to the preeminence of the age group in insurance activity. The very fact that the percentage decreases gradually with the age groups gives reason to believe that the older consumers are represented with relatively less, yet still considerable, participation. The pie chart assists in the easy determination of the age bracket that constitutes the middle market of the insurance companies.

**Factors Influencing Insurance Product Selection:** Table 2 illustrates the most significant aspects that affect consumers during the process of choosing insurance products. The largest one is premium affordability, affecting 30.91% of consumers, then there is policy coverage and benefits (25.45%). The influence of Brand reputation is 20 percent on the decision and 14.55 percent of consumers are influenced by claim settlement records. Peer and digital reviews have a relatively minor impact of 9.09.

These findings indicate that a rational and value-driven model of insurance choices is adopted by consumers with a higher emphasis placed on cost and coverage. Such aspects of trust as brand image and performance in settling claims are also not neglected, as insurance products are risk-averse and of long-term character. This is because, despite the relatively low impact of the online reviews, the digital opinions are not critical to the decision-making process, as core policy attributes are central to the process.

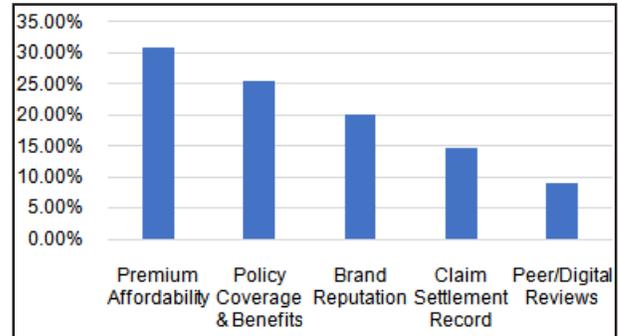
**Table 2: Primary Factors Influencing Insurance Product Selection**

Influencing Factor	Frequency	Percentage
Premium Affordability	34	30.91%
Policy Coverage & Benefits	28	25.45%
Brand Reputation	22	20.00%
Claim Settlement Record	16	14.55%
Peer/Digital Reviews	10	9.09%
<b>Total</b>	<b>110</b>	<b>100%</b>

Table 2 emphasizes the main parameters that affect the consumers when choosing the insurance products. The premium affordability becomes the most significant factor, which influences 30.91 percent of the consumers. This is trailed by policy coverage and benefits (25.45%), brand reputation (20.00%). 14.55 percent of consumers are

affected by claim settlement records, whereas 9.09 percent are affected by peer and digital reviews.

The results imply that the consumers are rational and cost-sensitive when choosing insurance products. Cost and coverage is given more importance than external opinion, which shows that most decisions are made in insurance on utility. Elements associated with trusts like brand image and payment settlement record are also significant as they are long-term and risky with regard to the insurance commitments.



**Figure 2:** Graphical Representation of the Percentage of Primary Factors Influencing Insurance Product Selection

A graphical comparison of factors that affect insurance product selection is done in Figure 2. The highest bar is the premium affordability, which is a clear indication that it is the most dominating factor among the factors. Policy coverage and brand reputation are also quite influential, whereas peer and digital reviews seem to be of less importance. The number successfully draws the pyramid of decision making considerations and it is clear that the functional qualities are of greater significance in insurance choosing than the promotional or social consideration.

**Preferred Insurance Products:** Table 3 shows the preference of the consumers in the various insurance products. The category of insurance most preferred is health insurance, which takes 36.36 percent of the sample then life insurance, which has 32.73 percent of the sample. The insurance products on motor have 21.82 and the other insurance products have 9.09.

The increasing popularity of health and life insurance is an indication of increased awareness of health hazards, increasing medical expenses and need to get a long-term financial stability. The high proportion of motor insurance indicates regulatory needs and rise in ownership of vehicles. On the whole, the findings illustrate a change towards the protection-based insurance products among consumers.

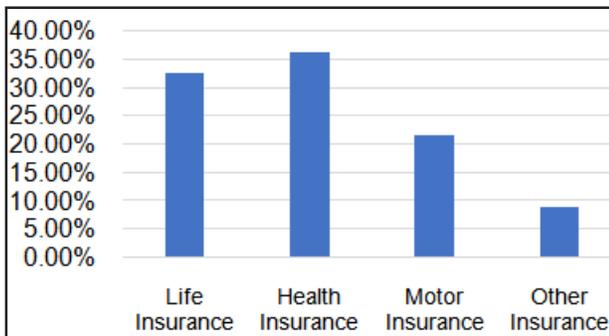
**Table 3: Preferred Insurance Products**

Type of Insurance	Frequency	Percentage
Life Insurance	36	32.73%
Health Insurance	40	36.36%
Motor Insurance	24	21.82%
Other Insurance	10	9.09%
<b>Total</b>	<b>110</b>	<b>100%</b>

Table 3 indicates the preference of consumers towards

various insurance products. The most favored product is health insurance with 36.36 percent of the sample and coming closely second is life insurance with 32.73 percent of the sample. A major portion of the insurance products is motor insurance with 21.82 and other insurance product is 9.09.

The increased inclination towards the health and life insurance is the result of the increased awareness of the risks associated with health, the increased cost of medical care and the necessity of the long-term security of finances. The insurance of motors occupies a considerable portion of the market as there are regulatory measures and rising number of vehicles. On the whole, the table shows a strong tendency towards the use of insurance products of protection orientations among consumers.



**Figure 3:** Graphical Representation of the Percentage of Preferred Insurance Products

The graph below (figure 3) depicts the percentage distribution of preferred insurance products. The figure is dominated by health and life insurance sectors, which graphically verify their dominance in the portfolios of consumers. The relatively low share of motor and other insurance products signifies the secondary role. The number supports the tendency towards consumers seeking insurance products that provide long-term security and cover of risks.

**Digital Channels Influencing Consumer Decisions:**

Table 4 explores the digital media that affect the consumer decision during the choice of an insurance product. The most powerful digital channel (29.09%), followed by online aggregator platforms (27.27%), is insurance websites. Mobile apps affect 21.82 percent of consumers, social media networks and email/online ads have 12.73 percent and 9.09 percent percentages respectively.

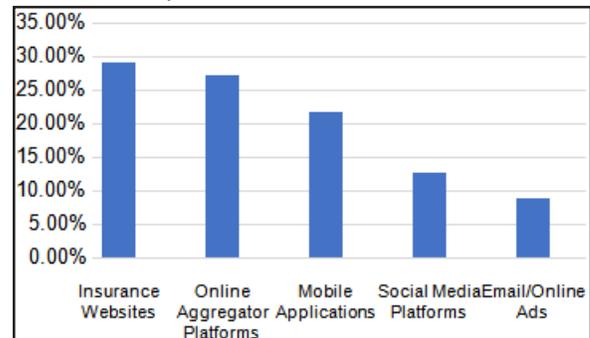
The results indicate that the customers trust more organized and informative online platforms, including official websites and comparison sites, than promoted online content. The increasing popularity of mobile apps is a sign of a rise in the acceptance of technology-enhanced insurers. But the comparatively lesser influence of social media and online advertisement is an indicator that consumers are more willing to trust the information that is reliable and informative than the convincing advertising messages in insurance choices.

**Table 4: Digital Channels Influencing Consumer Decisions**

Digital Channel	Frequency	Percentage
Insurance Websites	32	29.09%
Online Aggregator Platforms	30	27.27%
Mobile Applications	24	21.82%
Social Media Platforms	14	12.73%
Email/Online Ads	10	9.09%
<b>Total</b>	<b>110</b>	<b>100%</b>

Table 4 discusses the impact of different channels of the digital channels on consumer insurance decisions. Those sites that become the most influential digital channel are insurance websites (29.09%), then online aggregator platforms (27.27%). Mobile apps have impact on 21.82 per cent of consumers, and the social media (12.73) and email/online advertisements (9.09) have relative minor roles.

These findings demonstrate that when consumers are making insurance decisions, they are fond of structured, reliable, and information-rich digital sources. The transparency and trust have been increased as vast policy information is available on official websites and comparison sites. The role of mobile applications keeps increasing as the digital acceptance is also increasing, and the role of social media and advertisements is not as big as it could be, indicating that consumers prefer spearheaded information over promotion.



**Figure 4:** Graphical Representation of the Percentage of Digital Channels Influencing Consumer Decisions.

Figure 4 shows the channels of digital that affect consumer decisions in a graphical format. In the figure, it is evident that insurance websites and aggregator platforms have a higher percentage that indicates their superiority in the online decision-making process. In the mobile applications, a high presence is also represented, and social media and online advertisements exhibit less significant effects. The visual pattern proves that consumers use more informative digital tools than persuasive digital marketing in selecting insurance products.

**Conclusion:** The analysis shows that consumer behaviour in the selection of insurance products is influenced by a complex of economic, perceived value-related, trust-related and increased digital factors. Affordability of the premium and the coverage of the product under a policy becomes the most crucial factor suggesting that the consumers are

more and more willing to judge the insurance products based on their cost/benefit coverage instead of basing this judgment on personal persuasion. The results point to the growing importance of digital channels in insurance decision making. Primary sources of information are insurance websites and online aggregator platforms, which allow consumers to compare policies and evaluate their features and make informed decisions. The increased focus on fully digital and hybrid modes of purchases is indicative of the rising confidence of consumers in technology-based insurance provisions. Nevertheless, the relevance of agent-assisted purchase continues to imply that personal advice and trust still matter especially when it comes to the complex insurance product. On the whole, the research finds out that online platforms do not make traditional channels of insurance distribution irrelevant.

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