

A Study on the Changing Pattern of Customer Demand for Insurance Products in Haryana

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ABSTRACT

The insurance sector has undergone significant changes in recent years due to increasing risk awareness, technological advancements, and evolving customer preferences. This paper studies the changing pattern in the insurance sector and the factors influencing customer demand for insurance products. The study included 57 respondents through questionnaire. The results also indicate that factors such as premium affordability, income level, company reputation, claim settlement ratio, and recommendations from agents or family members significantly influence insurance purchase decisions. The results show that respondents strongly agree that insurance has become more important in recent years and provides financial security against uncertainties. Overall, the study concludes that the insurance sector is experiencing a transformation driven by increased customer awareness, digitalization, and changing financial priorities, and it emphasizes the need for insurance companies to adopt customer-centric and technology-driven strategies to meet evolving customer demands.

Keywords: Insurance Sector, Customer Behavior, Digitalization, Insurance Awareness, Financial Security.

Introduction

The insurance industry plays significant role in economic development by providing financial security, risk management, and long-term investment opportunities. Traditionally, Indian customers viewed insurance primarily as a tax-saving and investment tool rather than a protection mechanism. However, recent changes such as the COVID-19, rising healthcare costs, digital transformation, and government initiatives have significantly altered customer perceptions. Digital transformation has further reshaped customer behavior by enabling online purchase, comparison platforms, and personalized products. Insurance transactions now occur through digital channels, reflecting a growing customer preference for convenience and transparency. Haryana, being one of India's economically progressive states with a strong agricultural base and increasing Urbanization, presents a promising market for insurance expansion. Understanding the changing pattern in demand is therefore essential for insurers and policymakers.

Review of Literature

Rashmi M. R. (2020) examined COVID-19 effect on the insurance sector in India, emphasizing structural disruptions and emerging opportunities in health, life, and general insurance segments. The author highlighted that the pandemic accelerated digital transformation in insurance operations, including policy sales, claim settlement, and customer interaction, due to lockdown restrictions and reduced

physical contact. The study also identified a significant increase in customer awareness and demand for health and term insurance products, driven by heightened risk perception and uncertainty. However, the sector experienced a decline in new premium collections because of economic slowdown, reduced customer purchasing power, and disruption of traditional distribution channels such as agents and banc assurance. Rashmi further discussed operational challenges such as underwriting risks due to lack of COVID-related actuarial data, cyber risks arising from telecommuting, and claim settlement issues linked with exclusion clauses and waiting periods. The study concluded that while COVID-19 posed financial and operational challenges to insurers, it also created opportunities for innovation, customer trust building, and product redesign, particularly through digitalization and improved health coverage initiatives.

Rhiddhi Khartadkar and Abhijit P. Bobde (2020) conducted a study on “customer behavior, awareness, and perception of working professionals toward term life insurance”, emphasizing insurance importance as a tool that ensures family protection and financial security. The authors highlighted that awareness levels among working professionals were relatively high, but comprehensive understanding of term insurance features remained limited due to inadequate financial literacy. The study identified major determinants influencing purchase decisions, including brand reputation, claim settlement ratio, product benefits, affordability of premiums, and after-sales service quality. Social influence from family, friends, and digital media is found to be a significant driver of awareness and purchase intention. At the same time, barriers such as lack of savings, perceived low returns, insufficient awareness, and dissatisfaction with services discouraged individuals from purchasing policies. The research concluded that insurance companies should focus on improving digital marketing strategies, enhancing customer education, maintaining strong claim settlement records, and offering affordable and customizable products to increase insurance penetration among working professionals.

Ashish Kumar Srivastava and Abdul Jadid (2020) investigated customer behavior related to life insurance purchasing decisions in India with a focus on socio-economic, demographic, and psychological determinants. The authors emphasized that life insurance plays a dual role in India as both a risk protection and savings instrument due to limited social security coverage and low financial literacy among households. The authors concluded that increasing awareness, improving financial literacy, and strengthening trust in insurance institutions can enhance insurance penetration, particularly among rural and economically weaker sections of society.

Praveen Kumar K and Mohamed Ilyas A (2024). The study emphasized that digital platforms enable insurers to offer personalized products, faster claim settlement, and improved service accessibility, thereby increasing customer engagement and trust. However, the research also identified challenges including data privacy concerns, cybersecurity risks, technological complexity, and resistance to change among traditional customers and employees. The authors concluded that successful digital transformation in insurance requires strategic investment in technology infrastructure, employee training, and customer awareness programs to ensure sustainable growth and competitiveness in the evolving market environment.

M. Karthikeyan and K. Vinoth (2025) The authors highlighted that digital platforms have significantly improved customer accessibility by enabling online comparison, purchase, renewal, and claim processing without the need for intermediaries, thereby enhancing efficiency and transparency. The study also discussed the role of Insurtech startups in disrupting conventional business models by offering personalized, affordable, and customer-centric insurance products tailored to modern customer needs. Furthermore, the research identified the importance of government initiatives such as digital infrastructure development and regulatory support in promoting digital adoption within the insurance sector. The authors concluded that digitalization is creating opportunities for innovation, operational agility, and financial inclusion, particularly through micro-insurance and mobile-based services, which are expected to drive future growth in the Indian insurance market.

S. Gomathi Priya and S. Gnanalakshmi (2025) emphasized that digitalization enhances operational efficiency, improves customer convenience through online access to services, enables personalized product offerings, and strengthens risk management through predictive modeling and data-driven decision-making. Using a mixed-method approach involving surveys and percentage analysis, the research found that a majority of respondents were satisfied with digital insurance services, including online claims, grievance handling, and communication regarding policy details. However, challenges such as data security concerns, regulatory compliance issues, technological complexity, and the need for

workforce skill development were also identified. The authors concluded that insurers must adopt comprehensive digital strategies, invest in innovation ecosystems.

Research Gap

Although several studies have examined the growth and performance of the insurance sector and customer awareness regarding insurance products, limited research has focused on the changing pattern of customer preferences and demand for different insurance products at the micro level. Many earlier studies primarily analyzed the insurance market from a macro or industry perspective, with less emphasis on individual customer behavior, purchasing decisions, and the influence of multiple factors such as premium affordability, income level, company reputation, claim settlement ratio, and recommendations from agents or family members. Furthermore, with increase in technology advancement and online platforms, the process of purchasing insurance has significantly changed, but relatively few empirical studies have examined the impact of digitalization and online comparison tools on customer insurance decisions. Therefore, this paper attempts to fill this gap by analyzing customer perceptions, preferences, and factors influencing insurance purchasing behavior using primary data and statistical techniques, thereby providing a better understanding of the changing trends in the insurance business.

Objectives of the Study

- To Study changing pattern in demand of insurance products in Haryana
- To identify factors influencing customer purchase decisions.

Research Methodology

A questionnaire based survey of 57 respondents provided the primary data for the study. The respondents belong to Ambala and Kurukshetra District of Haryana State. Data collection employed a simple random sampling technique. Structured Questionnaires is Prepared with close-ended and five Likert-scale (Strongly Agree to Strongly Disagree) questions to Study on changing pattern in Demand of Insurance Product and to identify factors influencing customer purchase decisions in Haryana. The questionnaire has been divided into different sections to systematically collect information related to the study on the changing pattern in the insurance sector. The first section focuses on the respondent's demographic profile. The second section deals with insurance ownership and preference, identifying whether respondents currently own any insurance policy and insurance's types they prefer, such as life, health, motor, crop, or property insurance. The third section examines the factors influencing insurance purchase decisions, including premium affordability, company reputation, claim settlement ratio, and income level. The fourth section assesses customer awareness and perception regarding insurance, covering aspects such as financial security, health risks, awareness campaigns, and knowledge about insurance products. The final section explores the digitalization's impact on insurance purchasing behavior, including the role of digital platforms, online comparison of policies, and digital services in facilitating insurance purchase decisions. Together, these sections help in comprehensively analyzing customer attitudes and factors influencing insurance demand. Online Surveys by Using Google forms or other survey tools to reach a wider audience.

Scope of the Study

The present study focuses on analyzing "the changing pattern in the insurance sector and the factors influencing customer demand for insurance products". The study primarily examines the awareness, preferences, and perceptions of customers toward different insurance types like life insurance, health insurance, motor insurance, crop insurance, and property insurance. It also explores the key factors influencing insurance purchase decisions, including premium affordability, income level, company reputation, and claim settlement ratio, recommendations from agents or family members, and additional policy benefits. Furthermore, the study shows the growing role of digital platforms and online services in facilitating insurance purchases, reflecting the impact of technological advancements on customer behavior.

Data Interpretation and Analysis

Table 1: Reliability Analysis

Cronbach's Alpha	N of Items
0.877	18

(Source: Result Obtained By Using IBM SPSS)

To examine questionnaire item's internal consistency on the "changing pattern in the insurance sector" (Cronbach's Alpha Test) Reliability Analysis is conducted. The analysis included 18 variables with a total of 57 valid responses. The case processing summary shows that 100% of the cases were valid (N = 57) and no cases were excluded. This indicates that the dataset is complete and suitable for reliability analysis. The test produced a value of 0.877 for 18 items included in the scale. Therefore, the obtained value of 0.877 suggests that the questionnaire items are highly reliable and consistent in measuring respondents' perceptions regarding insurance purchasing behavior and related influencing factors. The Item-Total Statistics table provides further insight into the contribution of each variable to the overall reliability of the scale. Several items such as "Insurance is more important today than it is earlier," "Health risks have increased my interest in insurance," "Digital platforms have made insurance purchase easier," "I have sufficient knowledge about insurance products before purchasing," "Awareness campaigns influence my decision to buy insurance," and "Recommendations from agents or family influence my decision" show very high corrected item-total correlations (around 0.934). This indicates that these items have a strong relationship with the overall scale and significantly contribute to measuring the research construct. Overall, the reliability results confirm that the instrument used in the study is statistically reliable and appropriate for further analysis, such as hypothesis testing and interpretation of customer behavior in the insurance sector.

Table 2: Insurance Ownership and Insurance Preferred

Variables	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.038	5	.015
Likelihood Ratio	6.420	5	.267
Linear-by-Linear Association	2.676	1	.102
N of Valid Cases	57		

(Source: Result Obtained By Using IBM SPSS)

The relationship between whether respondents currently own any insurance policy and the type of insurance they prefer is checked by using Chi-Square test of independence. The Case Processing Summary indicates that all 57 responses were valid (100%), and there were no missing values, making the dataset suitable for analysis. The cross-tabulation results show that 55 respondents reported owning an insurance policy, while 2 respondents reported not owning any insurance policy. Among the respondents who own insurance policies, health insurance is the most preferred type (21 respondents), followed by life insurance (12 respondents) and motor insurance (11 respondents). A smaller number of respondents preferred crop insurance (7 respondents) and property insurance (3 respondents), while 2 respondents selected other types of insurance. This indicates that health and life insurance are the most popular insurance products among the respondents. The Pearson Chi-Square value is 14.038 with 5 d.f. and the significance value ($p = 0.015$) is less than the 0.05 significance level. This result indicates that statistically significant relationship found between owning an insurance policy and the type of insurance preferred by respondents. In other words, the preference for different types of insurance policies varies depending on whether respondents currently own insurance. Overall, the findings suggest that insurance ownership significantly influences the type of insurance products preferred by customers, with health and life insurance emerging as the most commonly preferred policies.

Table 3: Key Factors in Insurance Selection

Variables	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.705	6	.191
Likelihood Ratio	6.536	6	.366
Linear-by-Linear Association	5.350	1	.021
N of Valid Cases	57		

(Source: Result Obtained By Using IBM SPSS)

Table-3 shows that all 57 responses were valid (100%), with no missing data, indicating that the dataset is appropriate for statistical analysis, the cross-tabulation results indicate that respondents considered several factors when selecting an insurance policy. Among the respondents, "High Coverage" is identified as the most important factor by 33 respondents, making it the most preferred factor. This is followed by "Low Premium" (18 respondents), while "Easy Claim Process" (4 respondents) and "Company Reputation" (2 respondents) were selected by fewer respondents. Regarding the statement "Your income level affects the type of insurance you purchase," most respondents agreed strongly (32 respondents) or agreed (23 respondents) with the statement, while only 2 respondents remained neutral.

This suggests that income level plays an important role in determining the type of insurance policy customers choose. The Pearson Chi-Square value is 8.705 with 6 D.F., and the significance value ($p = 0.191$) is greater than the 0.05 level of significance. This indicates that there is no statistically significant relationship between the factor considered most important when choosing insurance and the perception that income level affects the type of insurance purchased. Respondents' views regarding the impact of income level on insurance purchase do not significantly vary according to the factor they consider most important when selecting an insurance policy. The Linear-by-Linear Association value ($p = 0.021$) indicates a possible trend relationship between the variables, although the overall Chi-Square test does not confirm a statistically significant association. This may affect the strength of the Chi-Square results and indicates that future research with a larger sample size may provide more robust findings. Overall, the analysis suggests that while high coverage and low premium are the most influential factors in choosing insurance, the perceived influence of income level on insurance selection does not significantly differ across these factors.

Table 4: Factors Influencing Insurance Purchase Decision

Variables	N	Mean	Std. Deviation	Std. Error Mean
Insurance is more important today than it is earlier.	57	1.8421	1.06552	.14113
I feel more financially secure with insurance coverage.	57	1.8246	1.05429	.13964
Health risks have increased my interest in insurance.	57	1.8421	1.06552	.14113
Digital platforms have made insurance purchase easier.	57	1.8421	1.06552	.14113
Insurance premium affordability influences your purchase decision.	57	1.7895	1.08128	.14322
Your income level affects the type of insurance you purchase.	57	1.4737	.57025	.07553
I have sufficient knowledge about insurance products before purchasing.	57	1.8421	1.06552	.14113
Awareness campaigns influence my decision to buy insurance.	57	1.8421	1.06552	.14113
Digital services make insurance purchase easier for me.	57	1.5263	.57025	.07553
I compare insurance products online before purchasing.	57	1.0351	.18564	.02459
I prefer insurance companies with a good reputation.	57	1.8246	1.05429	.13964
Claim settlement ratio influences my purchase decision.	57	1.1579	.41359	.05478
Recommendations from agents or family influence my decision.	57	1.8421	1.06552	.14113
Which factor is most important when choosing insurance?	57	1.8596	.78918	.10453
Flexible premium payment options influence your purchase decision.	57	1.8421	1.06552	.14113
Additional benefits (riders) attract you to buy insurance.	57	1.9474	.85400	.11312

(Source: Result Obtained By Using IBM SPSS)

Factors Influencing Insurance Purchase Decision

Variables	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Insurance is more important today than it is earlier.	-8.204	56	.000	-1.15789	-1.4406	-.8752
I feel more financially secure with insurance coverage	-8.417	56	.000	-1.17544	-1.4552	-.8957
Health risks have increased my interest in insurance.	-8.204	56	.000	-1.15789	-1.4406	-.8752
Digital platforms have made insurance purchase easier	-8.204	56	.000	-1.15789	-1.4406	-.8752

Insurance premium affordability influences your purchase decision.	-8.452	56	.000	-1.21053	-1.4974	-.9236
Your income level affects the type of insurance you purchase.	-20.208	56	.000	-1.52632	-1.6776	-1.3750
I have sufficient knowledge about insurance products before purchasing.	-8.204	56	.000	-1.15789	-1.4406	-.8752
Awareness campaigns influence my decision to buy insurance.	-8.204	56	.000	-1.15789	-1.4406	-.8752
Digital services make insurance purchase easier for me.	-19.511	56	.000	-1.47368	-1.6250	-1.3224
I compare insurance products online before purchasing.	-79.913	56	.000	-1.96491	-2.0142	-1.9157
I prefer insurance companies with a good reputation.	-8.417	56	.000	-1.17544	-1.4552	-.8957
Claim settlement ratio influences my purchase decision.	-33.627	56	.000	-1.84211	-1.9518	-1.7324
Recommendations from agents or family influence my decision.	-8.204	56	.000	-1.15789	-1.4406	-.8752
Which factor is most important when choosing insurance?	-10.909	56	.000	-1.14035	-1.3497	-.9310
Flexible premium payment options influence your purchase decision.	-8.204	56	.000	-1.15789	-1.4406	-.8752
Additional benefits (riders) attract you to buy insurance.	-9.306	56	.000	-1.05263	-1.2792	-.8260

(Source: Result Obtained By Using IBM SPSS)

To examine whether respondents' perceptions differ significantly from the neutral value (3) One-sample t-test is conducted. The analysis of 57 respondents shows that mean values (1.03–1.95) are lower than 3, indicating general agreement with the statements. The standard deviation reflects moderate variation in responses. The results suggest that respondents consider insurance more important today and feel financially secure with coverage. Health risks have increased interest in insurance, while digital platforms have simplified the purchase process. Premium affordability and income level significantly influence buying decisions. Customers also rely on online comparisons before purchasing policies. Additionally, factors such as company reputation claim settlement ratio, recommendations, flexible payment options, and additional benefits play a significant role in decision-making. Overall, customer attitudes are strongly influenced by financial security, affordability, digital access, and trust in insurers.

Findings

The following key findings emerge from the study on the changing pattern in the insurance sector.

- The results indicate that respondents strongly believe that insurance is more important today than it is earlier. This reflects increasing awareness among customers regarding financial protection against uncertainties.
- A majority of respondents reported that they feel more financially secure with insurance coverage, highlighting the role of insurance as an important risk management and financial planning tool.
- The findings show that health risks and medical uncertainties have increased customer interest in insurance, particularly health insurance policies.
- The Chi-Square analysis indicates that health insurance is the most preferred type of insurance, followed by life insurance and motor insurance. This suggests that customers prioritize protection against health-related and life-related financial risks.
- Respondents agreed that digital platforms and online services have made the insurance purchasing process easier. This indicates a shift toward digitalization in the insurance Industry.

- The outcomes demonstrate that premium affordability and income level significantly influence the type of insurance policy chosen by customers. Individuals often select policies that match their financial capacity.
- Many respondents indicated that they compare insurance products online before making a purchase decision, highlighting the rising influence of digital data sources and online comparison tools.
- Customers prefer insurance companies with a good reputation and high claim settlement ratios, as these factors increase trust and confidence in the insurer.
- Recommendations from agents, family members, and acquaintances also influence insurance purchase decisions, indicating the importance of personal networks and advisory support.
- The analysis revealed that high coverage and low premium are the most important factors when choosing insurance policies.

Suggestions

The suggestions below are recommended for insurance companies and policymakers.

- Insurance companies should continue to invest in digital technologies, mobile applications, and online platforms to simplify the process of purchasing, renewing, and managing insurance policies.
- Companies should conduct awareness campaigns and financial literacy programs to educate customers about the benefits, features, and importance of insurance products.
- Since premium affordability significantly influences purchase decisions, insurance companies should develop flexible and affordable premium structures suitable for different income groups.
- Improving transparency, efficiency, and speed in claim settlement will enhance customer trust and satisfaction.
- As health insurance emerged as the most preferred type, companies should expand their health insurance offerings with better coverage and affordable pricing.
- Insurance companies should provide clear and transparent online information, comparison tools, and policy details to help customers make informed decisions.
- Since recommendations from agents and family members influence decisions, companies should train insurance agents and advisors to provide accurate and customer-focused guidance.
- Providing additional benefits, riders, and flexible payment options can make insurance products more attractive to customers.
- Maintaining high claim settlement ratios, transparency, and reliable customer service will strengthen the reputation of insurance companies and attract more policyholders.

Limitations

The study is based on a sample of 57 respondents. The research is conducted in a specific region, so the results may not reflect the perceptions of customers in other regions or states. The study mainly depends on primary data collected through questionnaires, and the accuracy of results depends on the honesty and understanding of respondents. The study focuses only on selected factors influencing insurance purchase decisions, while other factors were not included.

Conclusion

The study demonstrates that the insurance sector is experiencing significant transformation due to changing customer awareness, technological advancement, and evolving financial needs. Insurance companies should therefore focus on improving digital services, offering affordable and flexible insurance products, enhancing transparency in claim settlement, and strengthening customer awareness programs to meet the changing expectations of customers and to promote greater participation in insurance coverage.

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