

Consumer Awareness and Perception Towards Insurance Products

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Abstract- Insurance is a vital financial instrument that provides protection against uncertainties and financial risks. Despite the rapid growth of the insurance sector in India, consumer awareness and understanding of insurance products vary significantly across demographic groups. This study examines consumer awareness and perception toward insurance products with reference to Reliance Health Insurance in Hyderabad. The research adopts a descriptive and cross-sectional design using primary data collected through structured questionnaires from insurance users and potential customers. Secondary data were obtained from industry reports, company information, and academic literature. Statistical tools such as percentage analysis and tabular interpretation were used to analyze the responses. The findings indicate that awareness is relatively high for health and life insurance but limited for specialized policies such as travel and property insurance. Income level and education significantly influence purchase decisions and perception of affordability. Trust, claim settlement experience, and policy clarity also affect consumer satisfaction. The study highlights the importance of financial literacy, transparent communication, and customer education in improving insurance adoption and trust.

Keywords: Insurance Awareness, Consumer Perception, Financial Protection, Health Insurance, Risk Management

I. INTRODUCTION

Insurance plays a crucial role in modern financial systems by providing economic protection against uncertain events such as illness, accidents, property damage, and loss of income. It helps individuals manage risk and ensures financial stability during emergencies. In developing economies, insurance also contributes to economic growth by mobilizing long-term savings and reducing financial vulnerability.

Despite its importance, insurance penetration remains relatively low in many regions. One of the primary reasons is inadequate consumer awareness and limited

understanding of policy features, benefits, and claim procedures. Many consumers perceive insurance as complex, expensive, or difficult to access. Misconceptions and lack of trust further reduce adoption rates.

Consumer awareness refers to the level of knowledge individuals have about insurance products, coverage, and benefits. Consumer perception includes attitudes toward affordability, reliability, service quality, and claim settlement. These factors significantly influence purchasing decisions and satisfaction levels.

This study aims to examine the awareness and perception of consumers toward insurance products and identify factors influencing adoption and trust in insurance services.

II. RESEARCH METHODOLOGY

Research Design

The study adopts a descriptive and analytical research design to evaluate consumer awareness and perception toward insurance products.

Nature and Sources of Data

The research is based on both primary and secondary data.

Primary Data:

Collected through structured questionnaires from individuals aware of or using insurance products.

Secondary Data:

Collected from insurance company reports, research journals, financial publications, and industry databases.

Sampling Design

The study was conducted among individuals residing in Hyderabad and surrounding areas.

- Sample Size: 100 respondents
- Sampling Technique: Convenience sampling

Research Instrument

A structured questionnaire including:

- Demographic profile
- Awareness of insurance types
- Perception of affordability and trust
- Purchase behaviour
- Satisfaction with services

Data Collection Procedure

Data were collected through direct and online survey methods over a three-week period.

Tools and Techniques for Analysis

- Percentage analysis
- Tabular representation
- Comparative interpretation

Ethical Considerations

Participation was voluntary, confidential, and data were used solely for academic purposes.

Limitations

- Limited sample size
- Self-reported responses
- Restricted geographical coverage
- Time constraints

III. RESULTS AND DISCUSSION

Table 1: Awareness of Different Insurance Products

Insurance Type	Respondents	Percentage
Health Insurance	42	42%
Life Insurance	30	30%
Motor Insurance	18	18%
Travel Insurance	6	6%
Property Insurance	4	4%
Total	100	100%

Discussion:

Health insurance is the most widely recognized product due to increasing medical costs and awareness

campaigns. Awareness of specialized insurance remains low.

Table 2: Primary Source of Insurance Information

Source	Respondents	Percentage
Insurance Agents	40	40%
Online Platforms	28	28%
Friends / Family	20	20%
Advertisements	12	12%
Total	100	100%

Discussion:

Insurance agents remain the dominant information source, though digital platforms are gaining importance among younger consumers.

Table 3: Consumer Perception of Insurance Affordability

Perception	Respondents	Percentage
Affordable	38	38%
Moderately Affordable	32	32%
Expensive	30	30%
Total	100	100%

Discussion:

Perception of affordability varies with income level, indicating economic capacity influences adoption decisions.

Table 4: Level of Trust in Insurance Providers

Trust Level	Respondents	Percentage
High	36	36%
Moderate	44	44%
Low	20	20%
Total	100	100%

Discussion:

Most consumers show moderate trust, indicating the need for improved transparency and service quality.

Table 5: Influence of Awareness on Purchase Decision

Influence Level	Respondents	Percentage
Strong Influence	46	46%
Moderate Influence	34	34%

Influence Level	Respondents Percentage	
Low Influence	20	20%
Total	100	100%

- [2] Academic research on consumer financial behaviour
- [3] Financial services marketing textbooks
- [4] Company publications and annual reports
- [5] Scholarly articles on insurance awareness

Discussion:

Awareness strongly influences purchase decisions, highlighting the importance of financial education and marketing communication.

IV. CONCLUSION

The study concludes that awareness, affordability, and trust are the primary factors influencing consumer perception toward insurance products. While basic awareness of health and life insurance is relatively high, understanding of specialized policies remains limited. Income level significantly influences affordability perception, and trust plays a crucial role in shaping satisfaction and long-term relationships with insurers.

Improving financial literacy, simplifying policy information, and ensuring transparent claim processes can enhance consumer confidence and increase insurance adoption. Insurance providers must focus on customer education and digital outreach to strengthen awareness and engagement.

APPENDIX

The appendix includes the structured questionnaire used for data collection and supporting statistical tables.

ACKNOWLEDGMENT

I express my sincere gratitude to my faculty guide and corporate mentor for their valuable guidance and support. I also thank all respondents who participated in the survey and provided meaningful insights that contributed to the successful completion of this study.

REFERENCES

- [1] Insurance industry reports and regulatory publications