



## Determinants of health insurance demand and digital purchase behaviour among middle-income households: Evidence from Navi Mumbai

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### Abstract

Health insurance plays a crucial role in protecting individuals and families from unexpected medical expenses, especially in urban areas where healthcare costs are rising rapidly. The ambit of this study is confined to the key factors influencing the demand for health insurance and the digital purchasing behaviour of middle-income households in Navi Mumbai. Variables such as income level, awareness of health insurance, healthcare costs, family size, perceived health risks, and digital accessibility have been given prime consideration in the study. Primary data was collected through structured questionnaires, along with secondary data from research papers and industry reports.

The study reveals that income level, awareness, trust in insurance providers, and ease of online access significantly affect purchasing decisions. Digital platforms have made it easier for consumers to compare and purchase policies, thereby increasing its penetration and adoption. However, challenges such as lack of financial literacy and complex policy terms still act as an obstacle.

The study suggests that enhancing financial awareness, easing insurance products, and promoting digital platforms can enhance health insurance penetration among middle-income households.

**Keywords:** Health insurance demand, digital purchase behaviors, middle-class households, insurance awareness, online insurance platforms, financial literacy, socio-economic factors, digital adoption, insurance penetration

### Introduction

Health insurance has become increasingly important for individuals and families due to rising medical costs and increasing health issues. For middle-income households, unpredictable medical costs can create significant financial problems. Health insurance helps reduce this burden by covering hospitalization and treatment costs by paying a premium.

In urban areas like Navi Mumbai, the demand for health insurance has been increasing due to higher income levels, better awareness, and improved access to digital platforms. With the growth of online insurance portals and mobile applications, consumers can now easily identify policies, compare their benefits and purchase them online.

However, several factors still influence the decision to purchase health insurance. These include income level, awareness, trust in insurance providers, and understanding of policy terms. This study aims to analyse these factors along with digital purchasing behaviour among middle-class households.

### Literature Review

Several researchers have studied the factors influencing health insurance demand and consumer behaviour, especially in the Indian context.

A study by Bhattacharya S. and Banerjee S. (2020) <sup>[1]</sup> focused on health insurance investment trends in India. The study found that increasing healthcare costs and rising awareness have motivated people to invest in health insurance. It also highlighted that middle-income groups are slowly understanding the importance of financial protection against medical emergencies.

Similarly, Gupta P. and Singh R. (2021) <sup>[2]</sup> examined the impact of digital transformation in the insurance sector. Their study showed that the use of online platforms and

mobile applications has made it convenient for consumers to get information and purchase insurance policies. The study concluded that digital accessibility plays a significant role in influencing consumer decisions.

Another study by Reddy M. R. and Shukla A. (2022) <sup>[3]</sup> analysed the relationship between urbanisation and health insurance demand. The findings suggested that people living in urban areas are more likely to purchase health insurance due to better income levels, higher awareness, and greater exposure to financial services.

Research conducted by Kumar V. and Agarwal R. (2021) <sup>[4]</sup> studied consumer behaviour towards health insurance after Covid-19. The study observed a significant increase in awareness and willingness to purchase health insurance due to heightened health risks and uncertainties during the pandemic.

Reports published by the Insurance Regulatory and Development Authority of India highlight that although awareness about health insurance is increasing in India, the overall penetration remains low. Factors such as affordability issues, lack of trust, and complex policy structures continue to affect the growth of the health insurance sector.

To summarise, the existing literature suggests that factors such as income, awareness, trust, and digital accessibility are important in determining health insurance demand. However, there is still a need to study these factors specifically in the context of middle-class households and their digital purchasing behaviour, which this study aims to address.

### Relevance of the Study

In recent years, healthcare costs have increased significantly, making it difficult for many families to afford

quality medical treatment without financial support. Health insurance plays an important role in providing financial protection during medical emergencies and ensuring access to relevant healthcare services.

For middle-income households, health insurance is all the more important as they often face financial constraints but do not qualify for government support schemes. Despite the relevance, many families remain uninsured or underinsured due to lack of awareness, affordability issues, and limited understanding of policy benefits.

This study is relevant as it helps identify the key factors affecting health insurance adoption and highlights the role of digital platforms in enhancing accessibility and convenience.

### Objectives of the Study

1. To examine the level of awareness about health insurance among middle-class households in Navi Mumbai.
2. To identify the key determinants influencing the demand for health insurance among middle-class families.
3. To analyse the role of socio-economic factors such as income, education, and employment in health insurance purchasing decisions.
4. To study the digital purchase behaviors of consumers while buying health insurance policies.
5. To evaluate the influence of online platforms, reviews, and digital services on health insurance selection.
6. To suggest measures to improve health insurance adoption and digital purchasing among the middle class population in Navi Mumbai.
7. To provide suggestions to improve health insurance adoption and digital purchasing behaviour among middle-class households in Navi Mumbai.

### Hypothesis of the Study

#### Hypothesis 1

**H0:** There is no significant awareness of health insurance products among middle-class households in Navi Mumbai.

**H1:** There is significant awareness of health insurance products among middle-class households in Navi Mumbai.

#### Hypothesis 2

**H0:** There is no significant preference for health insurance products among middle-class households in Navi Mumbai.

**H1:** There is significant preference for health insurance products among middle-class households in Navi Mumbai.

### Scope of the Study

The study focuses on middle-class households in Navi Mumbai. It examines the demand for health insurance among the middle-class population. The study analyses factors influencing the purchase of health insurance, such as income, awareness, affordability, and trust in insurance companies. It studies the importance of digital platforms and online channels in purchasing health insurance policies.

The study evaluates consumer preferences and attitudes towards different health insurance products. The research findings may trigger policy interventions which may improve insurance penetration.

### Limitations of the Study

The study is limited to Navi Mumbai, so the findings may not represent other regions. The research is based on a small sample size, which may not represent the entire population. The study depends on primary data collected through questionnaires, which may include biased or inaccurate responses. Time constraints limited the depth of data collection and analysis. The study focuses only on middle-class households, excluding other income groups. Rapid changes in technology and insurance policies may affect consumer behaviour in the future.

### Methodology

#### Research Design

The study follows a descriptive research design to analyse the factors influencing health insurance demand and digital purchasing behaviour.

#### Data Collection

Primary data was collected using structured questionnaires distributed among middle-class households. Secondary data was obtained from research papers, industry reports, and government publications.

#### Sampling Method

Convenience sampling was used to collect responses.

#### Sample Size

A total of 100 respondents from Navi Mumbai participated in the study.

#### Variables

Independent variables include income level, education, awareness, digital accessibility, and family size. The dependent variable is the health insurance purchase decision.

#### Data Analysis Tools

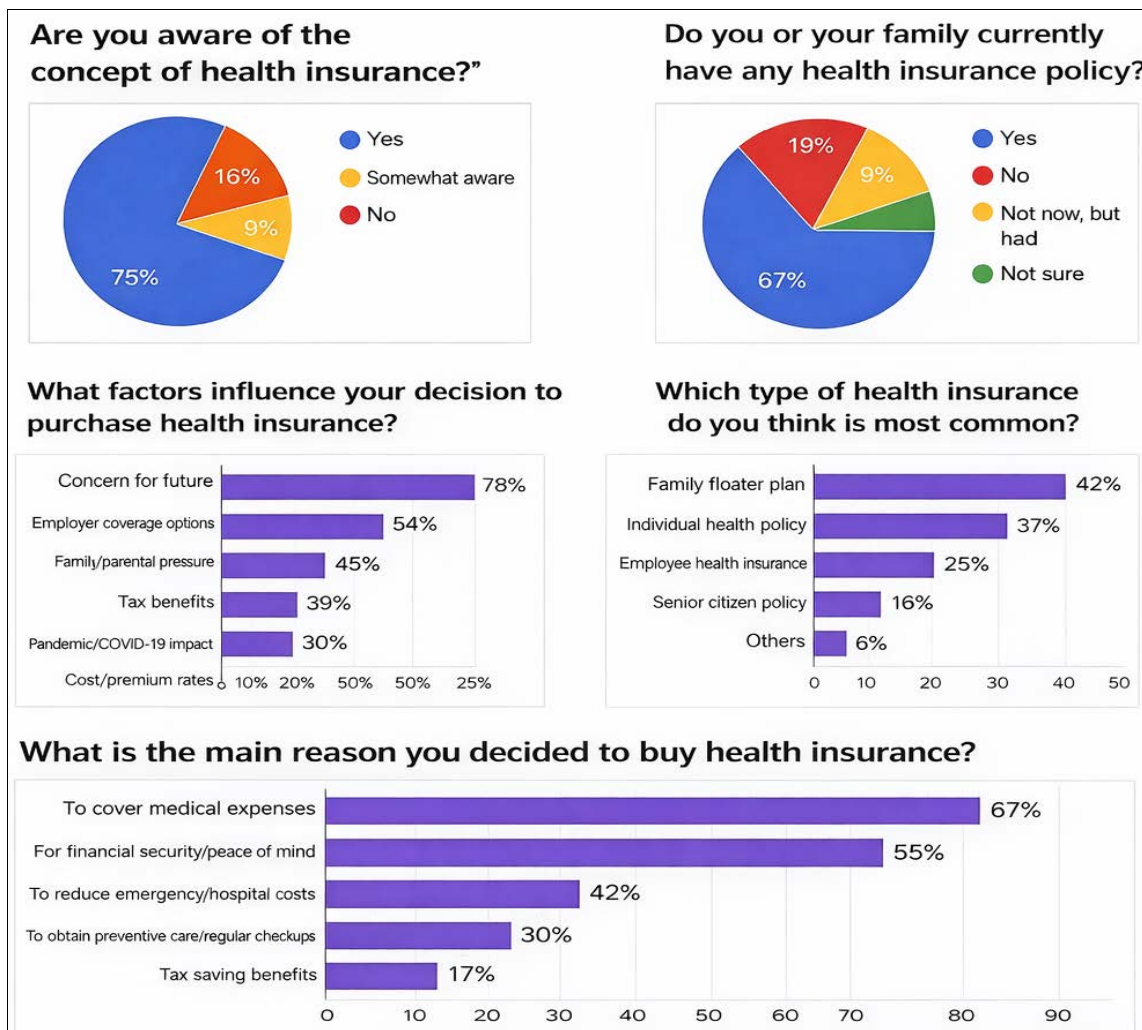
The data was analysed using percentage analysis and graphical representation.

#### Findings from Data

The analysis of responses collected from middle-class households in Navi Mumbai provides several important insights into health insurance demand and digital purchasing behaviour.

Firstly, income level plays a significant role in influencing the purchase of health insurance. It was observed that respondents with higher and more stable incomes were more likely to purchase health insurance policies. On the other hand, respondents with lower income levels showed hesitation due to affordability concerns and prioritisation of other expenses.

Secondly, awareness about health insurance has improved among middle-class households. A majority of respondents were familiar with the concept of health insurance and understood its basic benefits. However, detailed knowledge about policy features, coverage, and claim procedures was still limited, indicating a gap between basic awareness and complete understanding.



Another key finding is the growing influence of digital platforms in the purchasing process. Many respondents preferred using online platforms to compare different policies, check premium rates, and read customer reviews before making a decision. Digital accessibility has made the process more convenient and time-efficient, especially for younger and working individuals.

Trust in insurance companies was also found to be an important factor. Some respondents expressed concerns regarding claim settlement, hidden terms, and lack of transparency. This lack of trust discouraged certain households from purchasing insurance or led them to rely only on employer-provided policies.

In addition, the complexity of insurance policies emerged as a major barrier. Many respondents found policy documents difficult to understand due to technical language and unclear terms and conditions. This created confusion and reduced confidence in making independent purchase decisions.

Family size and health risk perception also influenced demand. Households with more family members or with elderly dependents showed a higher preference for health insurance due to increased medical needs and risk perception.

Lastly, employer-provided health insurance schemes were found to significantly impact purchasing behaviour. Many respondents relied on group insurance provided by their employers and did not feel the need to purchase additional individual policies unless they perceived higher risk or inadequate coverage.

### Conclusion

Health insurance has become an essential financial tool for middle-class households in urban areas. Rising healthcare costs and increasing awareness have contributed to the growing demand for health insurance. The study highlights that income, awareness, and digital accessibility are key factors influencing purchasing decisions. Digital platforms have simplified the buying process and improved access to information.

However, challenges such as lack of trust, affordability issues, and complex policy structures still need to be addressed. Insurance companies should focus on improving transparency, simplifying products, and increasing awareness to enhance insurance adoption.

Artificial intelligence (AI) tools were used to assist with language editing and formatting.

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