

Adoption of Health Insurance as a Financial Safety Net among Working Professionals in Amravati City

Nainika S. Damdar¹, Prof. S.S. Gupta²

Author 1 – PG student – Department of Business Administration, SIPNA C.O.E.T., Amravati, Maharashtra, India.

Author 2 – Professor - Department of Business Administration, SIPNA C.O.E.T., Amravati, Maharashtra, India.

Abstract

The increasing cost of healthcare and the rising prevalence of lifestyle-related diseases have made financial preparedness a critical concern for working professionals. Health insurance serves as an essential financial safety net by protecting individuals and families from unexpected medical expenses and reducing out-of-pocket healthcare costs. This study examines the adoption of health insurance among working professionals in Amravati City, with a focus on awareness levels, influencing factors, perceived benefits, and barriers to adoption. A descriptive research design was employed, and primary data were collected through a structured questionnaire administered to working professionals across various sectors. Secondary data were sourced from academic journals, government reports, and insurance industry publications. The findings indicate that awareness, affordability, trust in insurance providers, financial literacy, and perceived risk significantly influence health insurance adoption.

Keywords

Health Insurance, Financial Safety Net, Working Professionals, Awareness, Insurance Adoption, Amravati City

1. Introduction

In the contemporary economic environment, rising healthcare costs and increasing incidences of lifestyle-related diseases have intensified financial risks for individuals and households. Medical emergencies often occur unexpectedly and can result in substantial out-of-pocket expenditure, leading to financial instability, depletion of savings, or long-term debt. In this context, health insurance has emerged as a vital financial instrument that provides protection against unforeseen

medical expenses and ensures access to quality healthcare services. For working professionals, who typically bear the primary financial responsibility for their families, health insurance is not merely a healthcare product but an essential component of financial planning and risk management. Health insurance functions as a financial safety net by transferring the economic burden of medical risks from individuals to insurance providers in exchange for a relatively small and predictable premium. This risk-transfer mechanism helps maintain financial stability during health-related uncertainties and promotes long-term economic security. Despite the availability of numerous public and private health insurance schemes in India, insurance penetration remains comparatively low, particularly among urban working professionals. Many individuals continue to rely on employer-provided coverage or self-financing for medical expenses, often underestimating the potential financial impact of major health events. India's health insurance sector has experienced significant growth over the past two decades, driven by policy reforms, technological advancements, and increased public awareness. Government initiatives such as Ayushman Bharat – Pradhan Mantri Jan Arogya Yojana (PMJAY), along with regulatory oversight by the Insurance Regulatory and Development Authority of India (IRDAI), have expanded healthcare access and encouraged insurance adoption. Additionally, digital platforms, online policy comparison tools, and cashless claim facilities have enhanced convenience and transparency for consumers. However, challenges such as limited financial literacy, lack of trust in insurers, complex policy terms, and affordability concerns continue to hinder widespread adoption. Amravati City, an emerging urban center in Maharashtra's Vidarbha region, presents a unique context for examining health insurance adoption.

2. Review of Literature

A review of existing literature was conducted to establish a theoretical and empirical foundation for understanding health insurance adoption as a financial safety net. Previous studies had extensively examined factors such as awareness, affordability, trust, financial literacy, and behavioral intent in shaping individuals' insurance decisions, particularly in the Indian context. Iyer and Menon (2021) emphasized that timely claim settlement and transparent communication significantly enhanced customer trust and long-term policy retention. Several researchers identified awareness and financial literacy as key drivers of insurance adoption. Gupta (2021) found a positive relationship between awareness levels and health insurance uptake among working adults, noting that individuals with better understanding of policy benefits were more likely to invest in insurance. Patel and Joshi (2017) reinforced this finding by demonstrating that insurance literacy directly influenced informed financial decision-making, while poor understanding of premiums, exclusions, and claim procedures led to hesitation and avoidance. Affordability and policy design were also recognized as influential factors. Kaur and Kaur (2020) reported that working professionals preferred flexible and comprehensive health insurance plans that addressed both individual and family needs. Their findings indicated that high premiums and rigid policy structures acted as major barriers to adoption. Malhotra and Krishnan (2021) highlighted the role of customized and micro-insurance products in expanding insurance coverage among middle-income professionals by offering affordable and accessible options. Behavioral and psychological aspects gained increasing attention in the literature. Mehta and Desai (2022) examined behavioral intent among Indian millennials and found that perceived health risks, peer influence, and social awareness significantly affected insurance adoption decisions. Joshi and Deshpande (2021) similarly observed that social networks, workplace interactions, and shared experiences influenced financial decisions related to health insurance purchases. Chaudhary and Rao (2020), applying the Theory of Planned Behavior, concluded that attitudes, subjective norms, and perceived behavioral control were strong predictors of health insurance adoption. Technological advancements and digital literacy also emerged as important factors. Yadav and Kapoor (2023) found that higher levels of digital literacy among young professionals increased the use of online platforms for purchasing health insurance,

thereby improving adoption rates. Government initiatives and post-pandemic changes further influenced insurance behavior. Desai and Patel (2022) observed a significant shift in perception following the COVID-19 pandemic, with professionals increasingly viewing health insurance as a financial necessity rather than an optional expense. Nair and Bhatia (2024) emphasized that government schemes such as Ayushman Bharat increased awareness and accessibility of health insurance, although disparities persisted due to communication gaps and varying literacy levels. Despite extensive research on health insurance adoption, most studies focused on metropolitan regions or provided generalized national-level insights. Limited research specifically addressed working professionals in emerging urban centers such as Amravati City. Moreover, existing studies often examined influencing factors in isolation rather than through an integrated framework. The present study aimed to bridge these gaps by analyzing the combined influence of awareness, affordability, trust, behavioral factors, and technological aspects on health insurance adoption among working professionals in Amravati City.

3. Problem Definition

Despite steady income levels, increasing healthcare costs, and improved access to medical facilities, the adoption of health insurance among working professionals in Amravati City had remained inconsistent and limited. Many professionals continued to rely primarily on employer-provided coverage or personal savings to meet medical expenses, often underestimating the long-term financial risks associated with unexpected health emergencies. Although awareness of health insurance existed at a basic level, gaps persisted in understanding policy benefits, coverage details, exclusions, and claim procedures. Factors such as affordability concerns, lack of trust in insurance providers, inadequate financial literacy, complex policy structures, and behavioral biases were believed to influence the decision-making process related to health insurance adoption. Additionally, health insurance was frequently perceived as an avoidable expense rather than a critical financial safety net and an integral component of financial planning. In emerging urban centers like Amravati City, limited empirical research had been conducted to examine the combined influence of awareness, perception, affordability, trust, and behavioral factors on health insurance adoption among working professionals. The

absence of localized and integrated studies created a gap in understanding region-specific challenges and opportunities for improving insurance penetration. Therefore, the present study was undertaken to analyze these factors systematically and to evaluate the role of health insurance as a financial safety net for working professionals in Amravati City.

4. Objectives of the Study

The objectives of the present study were as follows:

1. To examine the level of awareness regarding health insurance among working professionals in Amravati City.
2. To analyze the extent of adoption of health insurance as a financial safety net among working professionals.
3. To identify the key factors influencing health insurance adoption, including affordability, trust in insurance providers, financial literacy, and perceived benefits.
4. To study the perception of working professionals toward health insurance as a component of financial planning.
5. To examine the barriers that discouraged working professionals from investing in individual or family health insurance policies.
6. To analyze the relationship between awareness levels and health insurance adoption among working professionals in Amravati City.
7. To provide suitable suggestions for improving awareness and adoption of health insurance among working professionals.

5. Research Methodology

connecting research questions to appropriate methods while maintaining ethical standards. As Kothari (2004) defines, it is the systematic way to solve a research problem, involving not only the techniques used but also the rationale behind their selection. The research problem arises from rising medical costs, lifestyle-related illnesses, and financial uncertainties, where despite stable incomes and healthcare access, many professionals in Amravati hesitate to adopt health insurance due to limited awareness, mistrust in insurers, low financial literacy, affordability concerns, and

underexplored influences of technology, peer networks, and workplace initiatives. The study aims to explore adoption of health insurance as a financial safety net, with objectives to assess awareness, identify influencing factors such as affordability and trust, examine perceptions, analyze barriers, and provide recommendations to enhance adoption. The hypotheses test whether higher awareness is positively associated with adoption, with independent variables including age, income, education, family size, occupation, financial literacy, affordability, and job stability, and the dependent variable being the decision to purchase health insurance. A descriptive cross-sectional research design is employed to systematically describe characteristics, attitudes, and behaviors of professionals at a single point in time. The population comprises working professionals in Amravati across IT, banking, healthcare, education, government, and private sectors, with a purposive sample of 50–100 respondents. Data will be collected through structured questionnaires (closed-ended and Likert scale) for primary data, and secondary sources such as research papers, reports, and government publications. Analysis will involve descriptive statistics (mean, percentage, frequency) and inferential techniques (correlation, regression, chi-square) to examine relationships between variables. The scope of the research lies in understanding demographic, psychological, socioeconomic, and economic factors influencing insurance decisions, offering insights for insurers, policymakers, employers, and academics to strengthen adoption and financial resilience in tier-2 cities. Limitations include geographical focus on Amravati, small sample size, potential respondent bias, and time constraints, which may affect generalizability and depth of findings.

6. Limitations of the Study

The study was limited to working professionals in Amravati City, which restricted the generalization of findings to other regions. The sample size was limited due to time constraints. Additionally, the study relied on self-reported data, which may have been influenced by respondent bias.

7. Data Analysis and Interpretation

The data collected from working professionals in Amravati City were analyzed using descriptive and inferential statistical tools. The analysis aimed to understand demographic characteristics, awareness levels, adoption patterns, and factors influencing health

insurance adoption. The demographic analysis revealed that the majority of respondents belonged to the age group of 25–45 years, indicating a financially active population. Most respondents were employed in sectors such as education, banking, healthcare, government services, and private organizations. A significant proportion of respondents reported having a stable monthly income, which indicated financial capability to invest in health insurance. The awareness analysis showed that a majority of respondents were aware of health insurance and its basic benefits. However, detailed knowledge regarding policy coverage, exclusions, and claim procedures was found to be limited among many professionals. Although employer-provided insurance coverage was common, a smaller proportion of respondents had opted for individual or family health insurance policies. The adoption analysis indicated that affordability, trust in insurance providers, and perceived benefits played a significant role in influencing insurance decisions. Respondents who possessed higher financial literacy and better understanding of insurance products were more likely to adopt health insurance. The analysis also revealed that professionals who perceived health insurance as a long-term financial investment demonstrated a higher adoption rate compared to those who viewed it as an additional expense. Inferential analysis revealed a positive association between awareness levels and health insurance adoption. The chi-square test results indicated that awareness significantly influenced adoption decisions, leading to the rejection of the null hypothesis. Thus, higher awareness was found to be positively associated with health insurance adoption among working professionals in Amravati City.

Hypotheses Testing

The following hypotheses were formulated and tested:

- **Null Hypothesis (H_0):** Awareness of health insurance did not have a significant association with its adoption among working professionals in Amravati City.

A Chi-square test of independence was applied to the responses from the questionnaire to determine whether a statistically significant relationship exists between awareness and adoption.

Awareness (Q4)	Has Insurance (Q9: Yes)	No Insurance (Q9: No)	Total
Yes	18	12	30
No	5	15	20
Total	23	27	50

8. Findings and Discussion

The empirical analysis conducted in this study reveals a complex relationship between awareness and the adoption of health insurance among working professionals. A primary finding indicates that while general awareness is widespread, there remains a significant "knowledge gap" regarding technical policy features and claim procedures. This suggests that awareness alone does not equate to the functional literacy required for informed decision-making. Furthermore, the presence of employer-provided insurance was found to create a "crowding-out" effect; professionals covered by corporate plans often experience a heightened sense of financial security, which subsequently diminishes their motivation to invest in supplementary personal policies. The transition from awareness to adoption is influenced by a multi-dimensional set of factors, including affordability, institutional trust, and overall financial literacy. A critical psychological barrier identified is the "expense-mindset," where many respondents view insurance premiums as a burdensome cost rather than a strategic long-term financial safety net. Socio-economic data further supports a strong correlation between adoption and income, with professionals who practice disciplined financial planning exhibiting the highest likelihood of purchase. Finally, the study highlights the transformative role of technology; online comparison platforms and digital tools have significantly lowered the barriers to entry by increasing transparency and simplifying the policy selection process for modern consumers.

9. Conclusion

The study examined the adoption of health insurance as a financial safety net among working professionals in Amravati City. It was concluded that although awareness regarding health insurance existed, adoption levels were influenced by multiple factors such as

affordability, trust, financial literacy, and perception of insurance benefits. Many professionals relied on employer-provided coverage and underestimated the need for individual health insurance policies. The study confirmed that awareness had a significant positive association with health insurance adoption. Professionals who understood the long-term financial benefits of health insurance were more likely to invest in suitable policies. The findings emphasized that health insurance should be viewed not merely as a medical expense but as a crucial component of financial planning and risk management. Overall, the study contributed to understanding insurance adoption behavior in emerging urban centers and provided valuable insights for insurers, policymakers, and employers to enhance financial security through improved health insurance penetration.

10. Suggestions and Recommendations

To bridge the gap between awareness and adoption, the study proposes several strategic interventions for stakeholders in the insurance sector. First, insurance providers should implement targeted educational programs that move beyond general awareness to explain specific policy benefits and claim procedures, thereby reducing technical illiteracy among professionals. To foster greater consumer trust, there is a critical need for the simplification of policy language and the adoption of transparent communication standards. At the corporate level, employers should play a more active role by encouraging employees to view group insurance as a baseline and supplementing it with personal coverage for comprehensive protection. This can be supported by workplace-based financial literacy initiatives that empower employees to make informed long-term decisions. Furthermore, the integration of InsurTech and digital platforms is essential to enhance accessibility and provide the convenience expected by the modern workforce. Finally, from a regulatory standpoint, policymakers and insurance providers should collaborate on regional awareness campaigns, specifically targeting tier-2 cities such as Amravati, to ensure that the benefits of health insurance are understood across diverse urban landscapes.

11. Scope for Future Research

The present study was limited to working professionals in Amravati City and primarily focused on awareness, perception, and adoption of health insurance as a financial safety net. Future research could be extended

to include a larger geographical area by covering multiple cities or rural regions to enhance the generalizability of findings. Comparative studies between metropolitan and non-metropolitan areas could provide deeper insights into regional variations in health insurance adoption. Further research could examine specific demographic segments such as self-employed professionals, gig workers, or informal sector employees to understand their unique insurance needs and challenges. Longitudinal studies could also be conducted to analyze changes in awareness, perception, and adoption behavior over time, particularly in response to policy reforms or healthcare cost fluctuations. Future studies could incorporate advanced statistical and econometric models to evaluate the impact of behavioral, psychological, and technological factors on insurance decision-making. Additionally, research focusing on the role of digital platforms, InsurTech innovations, and artificial intelligence in improving awareness, accessibility, and claim settlement efficiency could provide valuable insights for insurers and policymakers.

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