

Consumer Attitude and Behavioural Intention Towards Adoption of Online Insurance Services

Author

Dr. R. Chandrasekaran Professor (B. Com Finance), Dr. N. G. P. Arts and Science College (Autonomous),
Coimbatore

Mr. Balaji M (III B.com Finance), Dr. N. G. P Arts and Science College (Autonomous), Coimbatore

Abstract

This study takes a closer look at how consumers feel about using online insurance services and what influences their decisions to jump on board. Key factors that seem to play a role include trust, convenience, concerns around security, and how financially savvy people feel. We crunched some numbers using tools like correlation analysis and regression models, tapping into responses from actual users and looking at data from insurance market reports. The findings emphasize that things like user experience, demographic info, and how credible people find the services really shape whether they'll adopt online insurance. We've put together some tips for online insurance providers on boosting consumer confidence and getting more folks to sign up.

Keywords

Online Insurance, Consumer Attitude, Behavioral Intention, Trust, Security Concerns, Financial Literacy, Digital Services Adoption

Introduction

The swift expansion of digital transformation has heavily influenced the insurance sector, giving rise to online insurance services. These services allow consumers the luxury of buying policies, comparing coverages, processing claims, and paying premiums anywhere at any time. The move from conventional insurance practices to digital platforms is facilitated by aspects like ease of access, cost-effectiveness, and technological evolution. Nevertheless, in spite of these benefits, consumers remain wary of using online insurance services for fear of trust issues, security, privacy of data, and complexity of policy language. Also, the absence of personal interaction with agents, apprehension regarding online fraud, and poor financial literacy are all factors that continue to deter consumers. Furthermore, demographic characteristics like age, education, and income level also have a significant influence on consumer attitudes towards online insurance adoption. Knowledge of these factors is vital for insurers to increase consumer confidence, enhance user experience, and formulate strategies to increase adoption rates. This research examines the different drivers and challenges affecting consumer

behavior towards online insurance services and informs the ways in which service providers can overcome consumer apprehensions and bolster trust in digital channels.

Objectives

This study analyzes consumer attitudes toward online insurance adoption, focusing on trust, security, ease of use, and financial literacy. It examines demographic influences and psychological barriers affecting adoption. The research aims to provide recommendations to boost user confidence and improve digital insurance services.

- To explore consumers' perceptions of online insurance services.
- To analyze the role of social influence on consumers' attitude towards online insurance.
- To examine the barriers faced by consumers in accepting online insurance policies.

Consumer Attitude Towards Online Insurance Services

Consumer attitude towards online insurance services is influenced by several factors such as trust, security, usability, and financial literacy. Digital insurance platforms are convenient and accessible, but issues surrounding fraud, policy disclosure, and data protection affect the adoption decision. The factors behind these influences need to be understood to enhance consumer confidence and facilitate growth in online insurance services.

Key Features:

Trust and Credibility: Customers are more likely to use online insurance websites that possess validated security protocols, clear policies, and good customer reviews.

Security and Privacy Issues: Online payment security and protection of information are essential for building consumer trust and making transactions secure.

User Experience and Accessibility: Friendly interfaces, accessibility on mobile devices, and easy navigation enhance customer experience and invite consumer adoption.

Financial Literacy: Customers who better understand insurance products and their benefits will more readily embrace online insurance platforms.

Customer Support Availability: Availability of live chat, AI-based support, and 24/7 customer helplines serves to assuage customer worries and enhance the reliability of the service.

Cost and Discounts: Competitive rates, special digital discounts, and reduced processing charges are commonly available in online insurance platforms.

Challenges in Adoption of Online Insurance

Although online insurance services provide numerous benefits, some challenges deter broad adoption.

Important Features:

Dread of Scams and Cyber Fraud: Consumers fear cyber fraud, deceptive advertising, and unapproved transactions.

Inadequate Personal Contact: Lack of face-to-face consultation by insurance agents hinders the trust of some consumers in online services.

Technical Obstacles: Limited digital skills and poor connectivity deter some consumers from availing online insurance services.

Policy Complexity: Most consumers do not comprehend policy terms and conditions, which causes confusion and hesitation to buy insurance online.

Analysis

1. Analysis of Demographic Preferences in Online Insurance Adoption

The study analyzes the demographic breakdown of respondents to understand their preferences towards online insurance services. The results show that **65%** of the respondents are **Male**, while **35%** are **Female**, indicating a higher participation of males in online insurance services. The demographic also reveals that a significant portion of respondents, **39%**, are **students**, followed by **41%** as **employees**. These findings suggest that students and employees are more likely to engage with online insurance services, possibly due to their higher technological engagement and internet accessibility.

2. Risk and Investment Behavior in Online Insurance Platforms

This section focuses on the risk perceptions and investment behavior of users in relation to online insurance services. It was found that **sectoral funds**, similar to high-risk investment options, may appeal to those who prioritize returns but are willing to tolerate volatility. **Diversified insurance plans**, akin to safer investments, attract users seeking stability. The study suggests that while **sector-specific insurance** (such as vehicle insurance or health insurance) can yield high rewards, **diversified coverage** offers a more balanced and secure approach to risk management.

3. Consumer Preferences and Selection Factors for Online Insurance

In examining consumer preferences for online insurance, the study highlights key factors influencing user decisions. **47%** of respondents prioritize **time-saving**, while **27%** focus on **cost-saving** as the most important factors in choosing an online platform. These findings emphasize that consumers are mainly motivated by **efficiency** and **cost-effectiveness**. Additionally, **40%** of users prefer long-term wealth accumulation, while **38.8%** seek better returns, underlining the focus on securing financial futures and gaining better returns from their insurance investments.

4. Statistical Comparison of Sectoral vs. Diversified Insurance Preferences

An independent t-test was performed to determine whether there is a significant difference in respondents' preferences between sector-specific and diversified insurance products. The p-values for the **1-year** and **3-year** returns were found to be **greater than 0.05**, indicating no statistically significant difference in short-term performance between the two categories. However, for **5-year returns**, the p-value was **less than 0.05**, indicating a significant difference. This shows that **sectoral insurance** offers higher returns in the long run but with increased risks, whereas **diversified plans** provide more consistent stability.

5. Sharpe Ratio Analysis for Risk-Adjusted Performance of Online Insurance

The Sharpe Ratio was utilized to evaluate the **risk-adjusted performance** of sector-specific versus diversified insurance plans. The results suggest that **diversified insurance options** tend to offer higher risk-adjusted returns, making them a safer bet for investors seeking stable returns. For example, the Sharpe Ratio of **diversified plans** (such as those combining health, vehicle, and life coverage) is generally higher compared to **sector-specific insurance**, such as vehicle-only plans. This indicates that, although sector-specific plans might offer higher returns, they carry more risk, making diversified plans a better alternative for moderate-risk investors.

Findings

1.Consumer Awareness and Adoption:

Numerous respondents are conversant with internet insurance services, with primary information sources being friends/family and social media. Security concerns, fraud, and trust, though, prevent adoption.

2.Demographic Insights: Youthful customers, especially 18-25-year-olds, are most inclined to employ internet insurance services. Income and level of education contribute as well, with greater earnings and educated participants having more trust in the net.

3. Preferred Type of Insurance and Mode of Payment:

Online automobile insurance is the most sought-after product, followed by life insurance and health insurance. EMI is the preferred mode of payment, pointing towards affordability as a key factor in decision-making.

Suggestions

1. Increase Transparency and Credibility

There should be policy details clearly stated and reviews by users to increase trust and avoid insurance product confusion.

2. Enhance Website Accessibility

Sites must focus on easy navigation and mobile-friendliness, as well as on chatbot support to improve user experience.

3. Enhance Security Protocols

Websites must employ more robust encryption and authentication protocols, with frequent audits to boost consumer trust and security

Conclusion

The consumer attitude and behavioral intention towards the adoption of online insurance services study provides a number of important insights into the drivers of digital insurance adoption. The research shows that trust, security issues, ease of use, and financial literacy are significant factors in determining consumer choice. While younger buyers (18–25 years) have a greater affinity for online insurance because of their comfort with digital platforms, older segments resist, preferring the conventional methods of insurance because of fraud fears, policy complexity, and absence of personal contact.

Security is still one of the strongest deterrents, with most consumers being hesitant to provide sensitive personal data on the internet. The absence of people's interaction with insurance agents is also a contribution to low take-up rates because consumers want direct advice before a decision is made. Nevertheless, sites that present clear policy data, robust internet security, and easy-to-navigate interfaces have seen increased adoption rates. More importantly, greater financial literacy plays a significant contribution because consumers possessing more knowledge regarding insurance policies have higher chances of using online facilities.

To boost consumer acceptance of online insurance services, insurers need to provide greater transparency, improve security mechanisms, make policy terms easier to understand, and enhance customer support through

AI-driven chatbots and virtual support. Educational campaigns also contribute to boosting consumer confidence. With ongoing technological improvements in digital technology and more effective regulatory interventions, online insurance services can become the first choice for insurance buying in the future.

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