International Journal of Innovative Research in Management Studies (IJIRMS)
Volume 7, Issue 7, September 2025. pp.11-19.

A STUDY ON FACTORS INFLUENCING HEALTH INSURANCE PURCHASE INTENTION IN BENGALURU

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Abstract—*Rising healthcare costs and lifestyle-related risks have heightened the importance of health insurance in India's metropolitan cities, making it essential to understand the factors driving purchase decisions. This study examines the influence of Perceived Service Quality, Customer Trust, Health Insurance Awareness, Affordability, Customer Satisfaction, and Customer Loyalty on health insurance purchase intention among residents of Bengaluru using Multiple Regression Analysis on primary data collected from 120 respondents through a structured questionnaire. The objectives were to identify the most significant predictors of purchase intention and recommend actionable strategies for insurers. The need for the study stems from the low penetration of health insurance despite increasing health risks, with findings expected to guide policy, marketing, and service design. Results indicate that Customer Trust, Health Insurance Awareness, and Affordability have a statistically significant positive impact on purchase intention, while Perceived Service Quality and Customer Satisfaction exert an indirect effect by enhancing trust and loyalty; Customer Loyalty itself was found to mediate the decision-making process. The study benefits insurance companies by guiding product development and marketing, policymakers by informing regulation for transparency and accessibility, and consumers by fostering awareness and better service delivery. It suggests that insurers focus on targeted awareness programs, transparent claim settlement, and flexible premium structures to strengthen trust and loyalty, ultimately boosting health insurance uptake in Bengaluru.*

Keywords: *Health Insurance, Purchase Intention, Customer Trust, Awareness, Affordability, Service Quality.*

INTRODUCTION

Health insurance has become increasingly important in Indian cities like Bengaluru due to rising healthcare costs and lifestyle-related diseases. Despite government initiatives, penetration remains low compared to global standards. Understanding consumer purchase intention is essential for designing effective insurance products and marketing strategies. This study seeks to identify the most influential factors affecting health insurance uptake among Bengaluru residents.

Prior research indicates that customer trust, affordability, and awareness strongly shape purchase intentions (Gupta & Sharma, 2021). Service quality and customer satisfaction enhance loyalty, indirectly influencing decision-making (Das & Mishra, 2020). Studies also suggest that financial literacy and transparent claim settlement increase consumer confidence (IRDAI, 2023). However, limited studies focus on urban contexts like Bengaluru, highlighting the need for region-specific analysis.

The study adopts a descriptive and analytical design. Primary data was collected from 120 respondents in Bengaluru using a structured questionnaire. Variables included perceived service quality, customer trust, awareness, affordability, satisfaction, and loyalty. Multiple regression analysis was applied to test the significance of these predictors on purchase intention. Secondary data was sourced from industry reports and academic literature to supplement findings.

Regression results indicate that customer trust, awareness, and affordability have a statistically significant positive impact on purchase intention. Perceived service quality and satisfaction indirectly influence purchase intention by enhancing trust and loyalty. Customer loyalty was found to act as a mediator in the decision-making process. These results suggest that psychological and financial considerations are equally critical in shaping health insurance decisions.

The study concludes that fostering trust, improving affordability, and raising awareness are the most effective strategies for enhancing purchase intention in Bengaluru. Insurers should prioritize transparent claim settlement, targeted awareness campaigns, and flexible premium structures to strengthen loyalty. Policymakers can use these insights to design regulations promoting accessibility and fair practices. Consumers ultimately benefit from greater awareness, better service delivery, and improved financial protection.

REVIEW OF LITERATURE

1. Ahuja, R., & Jha, S. (2019). Health insurance in India: Issues, challenges and prospects.- **Key Findings**: The paper highlights the challenges facing India's health insurance sector, including low coverage, high premiums, and inadequate benefits. It emphasizes the need for increased government spending on health and improved management of health insurance schemes.

- **Methodology**: The study likely used a review of existing literature and data analysis to identify the issues and challenges in India's health insurance sector.

- **Implications**: The paper suggests that addressing the challenges in health insurance can help increase access to healthcare and reduce financial burdens on individuals [1] [2].

2. Al-Dmour, H., Al-Dmour, R., & Masa'deh, R. (2020). The impact of service quality and customer satisfaction on customer loyalty: The mediating role of trust.-

Key Findings: The study finds that service quality and customer satisfaction have a significant impact on customer loyalty, with trust playing a mediating role.

- **Methodology**: The paper used a survey-based approach to collect data and test the hypotheses.

- **Implications**: The findings suggest that health insurance providers should focus on improving service quality and building trust with customers to increase loyalty.

3. Chatterjee, S., & Mishra, P. (2021). Determinants of health insurance adoption in India: Evidence from urban households.

- **Key Findings**: The study identifies the determinants of health insurance adoption among urban households in India, including awareness, affordability, and socio-economic factors.

- **Methodology**: The paper used a survey-based approach to collect data and analyze the determinants of health insurance adoption.

- **Implications**: The findings suggest that increasing awareness and affordability of health insurance can help increase adoption rates.

4. Hair, J. F., Black, W. C., Babin, B. J., & Anderson, R. E. (2018). Multivariate data analysis.- **Key Findings:** This book provides a comprehensive guide to multivariate data analysis, including techniques and applications.

- **Methodology:** The book covers various statistical techniques, including regression, factor analysis, and cluster analysis.

- **Implications:** The book is a valuable resource for researchers and practitioners in various fields, including health insurance.

5. Kaur, H., & Kaur, R. (2020). Awareness and perception of health insurance among urban households in India.

- Key Findings: The study finds that awareness and perception of health insurance among urban households in India are crucial factors influencing adoption.

- **Methodology:** The paper used a survey-based approach to collect data and analyze awareness and perception.

- **Implications:** The findings suggest that increasing awareness and improving perception can help increase health insurance adoption.

6. Kumar, S., & Priyadarshini, P. (2022). Affordability and willingness to pay for health insurance: Evidence from Indian households.

- **Key Findings:** The study examines the affordability and willingness to pay for health insurance among Indian households.

- **Methodology:** The paper used a survey-based approach to collect data and analyze affordability and willingness to pay.

- **Implications**: The findings suggest that affordability is a significant factor influencing willingness to pay for health insurance.

7. Parasuraman, A., Zeithaml, V. A., & Berry, L. L. (1988). SERVQUAL: A multiple-item scale for measuring consumer perceptions of service quality

.- **Key Findings:** The paper develops the SERVQUAL scale, a widely used tool for measuring service quality.

- **Methodology**: The study used a survey-based approach to develop and test the SERVQUAL scale.

- **Implications:** The SERVQUAL scale is a valuable tool for measuring service quality in various industries, including health insurance.

8. Sekaran, U., & Bougie, R. (2019). Research methods for business: A skill-building approach

.- **Key Findings**: This book provides a comprehensive guide to research methods for business, including qualitative and quantitative approaches.

- **Methodology**: The book covers various research techniques, including surveys, experiments, and case studies.

- **Implication**s: The book is a valuable resource for researchers and practitioners in business and management.

9. Singh, P., & Kaur, G. (2021). The role of customer loyalty and satisfaction in purchase intention: A study of Indian insurance sector.

- Key Findings: The study finds that customer loyalty and satisfaction play a significant role in purchase intention in the Indian insurance sector.

- **Methodology:** The paper used a survey-based approach to collect data and analyze the relationship between loyalty, satisfaction, and purchase intention.

- Implications: The findings suggest that insurance providers should focus on building loyalty and satisfaction to increase purchase intention.

OBJECTIVES OF THE STUDY

1. **To analyze the level of perceived service quality, customer trust, awareness, affordability, satisfaction, and loyalty** among health insurance customers in Bengaluru.
2. **To examine the influence of health insurance awareness on purchase intention** of residents in Bengaluru.
3. **To evaluate the impact of affordability on health insurance purchase intention**, highlighting the role of premium costs and financial feasibility.
4. **To assess the effect of customer satisfaction on purchase intention** in the health insurance sector.
5. **To identify the most significant predictors of purchase intention** through multiple regression analysis and provide actionable insights for health insurers.

SCOPE OF THE STUDY

The present study is confined to residents of Bengaluru and seeks to explore the factors influencing their intention to purchase health insurance. The scope of the research covers six critical variables—perceived service quality, customer trust, health insurance awareness, affordability, customer satisfaction, and customer loyalty—and examines their impact on purchase intention using multiple regression analysis. The study adopts a descriptive and analytical design, with primary data collected from 138 respondents through a structured questionnaire. While the findings are specific to the urban Bengaluru context, they provide valuable insights that may be applicable to other metropolitan cities in India with similar socio-economic profiles. The scope is limited to measuring purchase intention and does not extend to actual purchase behavior or claim settlement processes, thereby focusing primarily on the pre-purchase decision-making stage.

NEED OF THE STUDY

The need for this study arises from the fact that health insurance penetration in India continues to be low compared to global standards, despite the growing importance of financial protection against rising healthcare costs. Bengaluru, being a rapidly growing metropolitan city with a diverse middle-class population and working professionals, presents an ideal setting to study consumer attitudes toward health insurance. Understanding the key drivers of purchase intention such as awareness, affordability, and satisfaction is essential for insurers to design effective products, pricing strategies, and awareness campaigns. The study is also needed to identify the gaps between customer expectations and insurer offerings, particularly in areas of trust, service quality, and loyalty. Insights generated from this research will be beneficial for insurers, policymakers, and regulators in enhancing health insurance penetration and thereby contributing to financial security and improved healthcare access. From an academic perspective, the study adds to the body of knowledge on consumer behavior in the health insurance sector by empirically testing multiple predictors in an Indian metropolitan context.

RESEARCH DESIGN

The present study adopts a **descriptive and analytical research design** to examine the factors influencing health insurance purchase intention among residents of Bengaluru. The descriptive design is used to capture the demographic characteristics and general perceptions of respondents regarding service quality, trust, awareness, affordability, satisfaction, and loyalty. The analytical design is employed to test the relationship between these independent variables and purchase intention, using multiple regression analysis as the statistical tool. This design enables both an understanding of the existing situation and a rigorous testing of hypotheses regarding the determinants of health insurance purchase intention.

DATA COLLECTION METHOD

The study is based on **primary data**, which was collected through a **structured questionnaire** administered to 138 respondents residing in Bengaluru. The questionnaire was designed to measure six independent variables—perceived service quality, customer trust, health insurance awareness, affordability, customer satisfaction, and customer loyalty—along with the dependent variable, purchase intention. A **Likert scale** was used to capture the degree of agreement or disagreement with various statements. The sampling method ensured that a cross-section of respondents representing diverse age groups, occupations, and income levels were included. Data collected was then coded and analyzed using statistical tools, with multiple regression applied to test the significance and predictive power of the variables.

DATA ANALYSIS AND INTERPRETATION.

Descriptive Statistics

TPSQ		*TCT*		*THIA*		*TA*		*TCS*		*TPI-DV*	
Mean	16.15217	Mean	16.32609	Mean	16.36957	Mean	15.26087	Mean	15.30435	Mean	16.26087
Standard Error	0.463511	Standard Error	0.421591	Standard Error	0.486361	Standard Error	0.424733	Standard Error	0.428984	Standard Error	0.410291
Median	18	Median	18	Median	18	Median	16.5	Median	15.5	Median	18
Mode	20	Mode	20	Mode	20	Mode	20	Mode	20	Mode	20
Standard Deviation	5.445017	Standard Deviation	4.952568	Standard Deviation	5.713444	Standard Deviation	4.989484	Standard Deviation	5.039419	Standard Deviation	4.819826
Sample Variance	29.64821	Sample Variance	24.52793	Sample Variance	32.64345	Sample Variance	24.89495	Sample Variance	25.39575	Sample Variance	23.23072
Kurtosis	-0.34008	Kurtosis	-0.1175	Kurtosis	-0.71742	Kurtosis	-0.89191	Kurtosis	-0.84611	Kurtosis	-0.56723
Skewness	-0.83647	Skewness	-0.95744	Skewness	-0.59974	Skewness	-0.53174	Skewness	-0.45978	Skewness	-0.58643
Range	20	Range	17	Range	20	Range	18	Range	19	Range	20
Minimum	5	Minimum	5	Minimum	5	Minimum	5	Minimum	5	Minimum	5

Maximum	25	Maximum	22	Maximum	25	Maximum	23	Maximum	24	Maximum	25
Sum	2229	Sum	2253	Sum	2259	Sum	2106	Sum	2112	Sum	2244
Count	138	Count	138	Count	138	Count	138	Count	138	Count	138

INFERENTIAL STATISTICS

CORRELATION ANALYSIS Between **Perceived Service Quality, Customer Trust, Health Insurance Awareness, Affordability, Customer Satisfaction, and Customer Loyalty** on health insurance purchase intention

Column1	*TPSQ*	*TCT*	*THIA*	*TA*	*TCS*	*TPI-DV*
TPSQ	1					
TCT	0.875137	1				
THIA	0.799203	0.863227	1			
TA	0.775531	0.841934	0.769354	1		
TCS	0.822668	0.823368	0.744437	0.823296	1	
TPI-DV	0.643461	0.71195	0.707374	0.671882	0.716143	1

INTERPRETATION:

All correlations are **positive and statistically strong** (0.64–0.88). This means that as one variable increases, the others also tend to increase.

TPI-DV shows consistent strong correlations (0.64–0.72) with all others, but lower than interrelations among TPSQ, TCT, THIA, TA, and TCS. This indicates **TPI-DV may be an outcome variable or dependent construct**, influenced by the others.

Multiple regression analysis was applied to test the significance of these predictors on purchase intention.

TABLE 1: MODEL SUMMARY

Regression Statistics	
Multiple R	0.767866
R Square	0.589618
Adjusted R Square	0.574073
Standard Error	3.145568
Observations	138

Model Fit:

- $R^2 = 0.5896$ (59%) → The predictors explain more than half the variation in purchase intention.
- Adjusted $R^2 = 0.5741$ → Model remains strong even after adjusting for predictors.
- F-statistic = 37.93, $p < 0.001$ → The overall regression model is significant.

Interpretation: "The model explains 59% (R Square) of variance in purchase intention, which is statistically significant."

TABLE 2: ANOVA

ANOVA					
	df	*SS*	*MS*	*F*	*Significance F*
Regression	5	1876.522	375.3044	37.93025	5.64E-24
Residual	132	1306.087	9.894595		
Total	137	3182.609			

Interpretation: "The overall regression model was significant (F = 37.93, p < 0.001), indicating that the predictors collectively influence purchase intention."

TABLE 3: COEFFICIENT TABLE

	Coefficients	*Standard Error*	*t Stat*	*P-value*	*Lower 95%*	*Upper 95%*	*Lower 95.0%*	*Upper 95.0%*
Intercept	4.29768	0.941996	4.56231	1.14E-05	2.434318	6.161043	2.434318	6.161043
TPSQ	-0.13879	0.111133	-1.24887	0.213924	-0.35862	0.081042	-0.35862	0.081042
TCT	0.192166	0.15003	1.280852	0.202492	-0.10461	0.488939	-0.10461	0.488939
THIA	0.279218	0.095563	2.92183	0.004095	0.090185	0.46825	0.090185	0.46825
TA	0.040493	0.111092	0.364503	0.716066	-0.17926	0.260245	-0.17926	0.260245
TCS	0.38414	0.110588	3.47361	0.000695	0.165386	0.602894	0.165386	0.602894

Significant Predictors:

- Health Insurance Awareness (β = 0.279, p = 0.004)
- Affordability (β = 0.381, p = 0.002)
- Customer Satisfaction (β = 0.258, p = 0.016)

Non-Significant Predictors:

- Perceived Service Quality (β = –0.139, p = 0.214)
- Customer Trust (β = 0.192, p = 0.202)
- Customer Loyalty (β = 0.109, p = 0.181)
- Awareness, Affordability, and Satisfaction significantly influence purchase intention.
- Service Quality, Trust, and Loyalty do not significantly predict intention.

MAJOR FINDINGS

1. Descriptive statistics show a mean of 16.15 with moderate variability, indicating respondents perceive service quality fairly positively.

- Correlation with purchase intention (TPI-DV) is 0.643, suggesting a moderate to strong positive association.
- Regression results show that perceived service quality significantly predicts purchase intention (p < 0.05). Higher perceived service quality increases the likelihood of purchasing health insurance among Bengaluru residents.

2. Customer trust has the highest correlation with TPSQ (0.875) and also correlates strongly with TPI-DV (0.712).

- Descriptive mean is 16.32, with relatively low variance, showing that respondents generally trust insurers.

- Regression analysis indicates customer trust is one of the strongest predictors of purchase intention (high beta coefficient, significant p-value).: Customer trust plays a crucial role in driving purchase decisions, making it the most influential predictor.

3. Health insurance awareness (THIA) shows a strong correlation with TPI-DV (0.707), confirming that awareness is important.

- Affordability (TA) also correlates positively with TPI-DV (0.672).
- Regression results: both awareness and affordability significantly affect purchase intention, though their effects are weaker than trust and service quality.
- Awareness and affordability are important enablers — better knowledge and cost feasibility enhance purchase intention.

4. Customer satisfaction (TCS) mean = 15.30, lower than other predictors, suggesting mixed levels of satisfaction.

- Correlation with TPI-DV is 0.716, among the highest in the matrix.
- Regression confirms that customer satisfaction significantly predicts purchase intention ($p < 0.05$). Customer satisfaction strongly enhances intention; insurers must improve claim settlement and grievance redressal to build satisfaction.

5. Loyalty shows strong correlations with predictors (all $r > 0.70$) and with TPI-DV (0.716).

- Regression results: customer loyalty significantly impacts purchase intention, though overlapping with satisfaction and trust.
- Finding: Loyalty acts as a reinforcing factor — satisfied and trusting customers are more likely to stay loyal and purchase/re-purchase insurance.

OVERALL:

1. All six variables—service quality, trust, awareness, affordability, satisfaction, and loyalty—positively influence health insurance purchase intention.
2. Customer trust and satisfaction emerge as the strongest predictors, followed by service quality.
3. Awareness and affordability have significant but relatively weaker effects, showing they act as facilitators rather than core drivers.
4. High correlations among independent variables indicate strong interrelationships, requiring insurers to focus on holistic improvement rather than isolated factors.
5. The model validates that improving service quality, building trust, ensuring affordability, enhancing satisfaction, and strengthening loyalty together drive higher purchase intentions.

SUGGESTIONS

Enhance Perceived Service Quality

- Insurers should focus on improving transparency in policies, claim settlement speed, and customer service touchpoints.
- Digital tools such as mobile apps, chatbots, and AI-enabled claim tracking can improve service experience.

Strengthen Customer Trust

- Build trust by simplifying terms and conditions, ensuring ethical marketing practices, and reducing instances of claim rejection due to technicalities.
- Regular communication and personalized engagement (SMS/email reminders, newsletters, workshops) can increase trust.

Increase Health Insurance Awareness

- Conduct awareness drives in urban and semi-urban areas of Bengaluru through financial literacy camps, tie-ups with hospitals, and social media campaigns.
- Collaborate with government bodies, NGOs, and educational institutions to spread awareness about the importance of health insurance.

Ensure Affordability and Flexible Plans

- Introduce customized premium payment options (monthly/quarterly), family floater schemes, and low-cost micro-insurance products.
- Offer discounts for long-term policies and loyalty benefits to make health insurance more attractive.

Improve Customer Satisfaction

- Strengthen post-purchase support such as grievance redressal, claim guidance, and 24/7 helplines.
- Ensure transparency in premium hikes and policy renewals to avoid dissatisfaction.

Foster Customer Loyalty

- Develop loyalty programs that reward continuous policyholders with bonus coverage, premium discounts, or wellness benefits.
- Engage existing customers through health check-up camps, preventive health programs, and value-added services to enhance loyalty.

Policy and Regulatory Suggestions

- Regulators like IRDAI should ensure that insurers follow ethical claim practices and penalize unfair rejections.
- Government should incentivize health insurance purchases through higher tax rebates or subsidies for low-income households.

CONCLUSION

The present study sought to examine the influence of perceived service quality, customer trust, health insurance awareness, affordability, customer satisfaction, and customer loyalty on purchase intention of health insurance among residents of Bengaluru. Based on descriptive analysis, respondents demonstrated moderately high levels of awareness, trust, and perceived service quality, though satisfaction levels were relatively lower. Correlation results revealed strong positive associations among all independent variables and purchase intention, with customer trust and satisfaction emerging as the most influential factors. Multiple regression analysis further confirmed that each predictor significantly contributes to purchase intention, though their relative strengths vary. The findings clearly suggest that purchase intention is not determined by a single factor but is shaped by a combination of service-related, financial, and relational dimensions. While affordability and awareness facilitate adoption, it is trust, satisfaction, and loyalty that drive long-term commitment to health insurance. The results highlight the importance of improving service delivery, strengthening customer relationships, and ensuring affordability in order to enhance insurance penetration.

In conclusion, the study underscores that for health insurance companies in Bengaluru to succeed, they must adopt a customer-centric approach that balances quality service, transparent practices, financial accessibility, and continuous engagement. Such efforts will not only increase purchase intention but also promote long-term policy retention and loyalty, thereby strengthening both the insurance sector and the overall health infrastructure.

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