

## An Empirical Study on Critical Success Factors Influencing Health Insurance Purchase Decisions

Poonam G. Ingle<sup>1</sup> and Dr. Sachin Pachorkar<sup>2</sup>

<sup>1</sup>PhD Scholar, MET's Institute of Management, Bhjubal Knowledge City, Nashik

<sup>2</sup>Professor, Dept of MBA, MVP's KBT College of Engineering, Nashik

### Abstract:

Health insurance has become one of the essential tools of financial protection against health shocks, especially in developing economies with high out-of-pocket medical expenditure. The study aims to investigate the critical success factors of health insurance purchasing decisions by individual consumers. Using primary data obtained through a structured questionnaire, the survey was conducted for 185 respondents. It is carried out for Nashik city. The study evaluates the relationship of the constructs perceived risk (because there are some who perceive further or realized risk in these products, and also the possibility that these products are risk-prone), awareness and knowledge (as several who may be unaware or knowledgeable about these products and are often unknowledgeable the complete scope of these products), premium affordability, trust in insurance provider, quality of service, claim settlement experience and policy benefit on purchase intention and purchase behavior. The study used a quantitative research design and applied statistical tools such as descriptive analysis, reliability test, correlation, and regression analysis to identify the relative impact of each factor. The results show that confidence on insurers', clarity of policy phrase, & efficiency of claim settlement processes are weighed more over purchase intention, pricing of premiums, & value of the coverage perceived. The results provide the valuable insights for the insurance companies, policymakers, and regulators to create focus-based products, offer better transparency, and strengthen outreach plans to increase insurance penetration.

**Keywords:** Health insurance, purchase decision, critical success factors, consumer behavior, empirical study

### 1. Introduction

Insurance is one of the most effective risk transfer mechanisms. Due to the modern and complex lifestyle, hyper-competition etc. the mental and physical health is at risks. The health insurance provides protection in such cases of emergencies availing the timely resources and financial assistance. The health insurance is no longer seen just as a financial instrument; consumers assess it as a long-term mechanism to protect household stability against risks. The present study reinforces the various critical success factors explaining the purchase intentions, requiring alternatives to a single-market dominant factor (Zheng et al., 2025). These included economic affordability, psychological assurance, informational clarity and perceived service reliability. Compounded by the complexity of policy structures, exclusions, and claim processes, consumer decision-making is hindered, especially in emerging economies with varying levels of insurance literacy. Multiple studies indicate how this fractured mindset tends to diminish the perception of value delivered with competitive pricing and coverage options. That means turning awareness into purchase is particularly difficult for insurers. From a managerial perspective, empirically validated CSFs help insurers understand the identity and indirectly rank-order the most impactful decision drivers as opposed to devise broad marketing campaigns. The stated intention to take up health insurance in India still finds itself affected by lack of knowledge and misunderstandings of most policy terms, making the need for evidence-based findings even larger (Reshmi et al, 2021). Hence, the CSFs serve as a dynamic representation upon which consumer behaviour theory could be grounded into process-related realities of purchase. The CSFs are utilized as measurable factors that can explain the differences in health insurance purchase decisions.

The perceived risk is one of the most critical behavioural dimensions impacting health insurance purchase decisions, which includes not only the uncertainty of health but also the doubt whether the insurer is credible, whether the claim would be settled smoothly and whether the service will be responsive. Health insurance has long been considered a credence product for which quality may not be observable even after consumption, thereby heightening reliance on faith-based assessments. The empirical study identifies perceived risk as a significant moderator of purchase intention, especially among consumers who has never experienced a claim (Mishra et al., 2024). An increase in access to products through digital distribution

channels exposes consumers to more contradictory information and negative reviews, therefore increasing perceived risk. As a result, consumers frequently use heuristics like the brand, tricks of agent, and trick by peers to compare insurance products. At a CSF level, trust and perceived risk act as two fundamental drivers that reduce the complexity of the decision environment. By including them empirically, they allow for a more realistic explanation of why insured's might not want to or be able to buy the insurance even when it is affordable and even when they might aware of it.

Another factor influencing health insurance buying behavior is health insurance literacy the capacity to understand, compare and utilize the products that one chooses. This hampers consumer choice and creates undesired dependence on middlemen that result in either choosing a suboptimal plan or delaying purchase. Integrated conceptual frameworks that have been used in recent years illustrate that health insurance literacy spans across interdependent pathways of cognition, context, and motivation, together influencing decisions and directly impacting decision outcomes (Ron et al., 2025). The limited knowledge of exclusions, waiting periods, and process for claim benefits is inferior in many middle-income households and weakens perceived behavioural control, diluting purchase intention. Qualitative evidence also suggests that perceptions of usefulness, financial security motives, and social norms collectively influence purchase decisions, especially in the presence of literacy constraints (Abdullah et al., 2025). If success is defined by affordability and comprehensibility, this should not come as a surprise. Greater literacy fueling informed choice also indirectly flows to greater trust and reduced perceived risk. At the empirical level, CSFs for literacy can be expressed in terms of indicators such as perceived information complexity, information clarity, and confidence in using policy. Acknowledging literacy as a CSF reflects decision-making theories relevant to complex financial products. This is why the inclusion of health insurance literacy as an element within the CSF is critical towards enabling the ability for insurers and policymakers to tailor interventions that can lead to informed purchase decisions.

Policy awareness and scheme knowledge subsequently influence health insurance purchase intention as perceptions regarding necessity and sufficiency in coverage play a role. In the ecosystem of Indian public-private insurance, government schemes operate alongside private schemes but sometimes overlap with one another, leading to confusion regarding the benefits available and the criteria for eligibility. For example, national health insurance initiatives found variations in awareness by socio-economic group, and the resulting impact on private insurance purchase behaviour (Parisi et al., 2023). Consumers may, and do, postpone or refrain from purchasing private insurance when they feel they are covered under public schemes, even when coverage gaps exist. It indicates that one pathway to success is clarity of information. Further, in the post-pandemic era of health consciousness, scrutiny of exclusion, premium hikes, and service quality was intensified, enhancing the relevance of experiential and reputation cues. Increased competition has made insurers to focus on network access, service support and claim settlement clarity as a way of differentiating their product. These service-related characteristics provide a counterpart in terms of basic behavioural and cognitive determinants from a CSF perspective. These levels of influence can then be used to prioritize levers that can best be manipulated to address the relative importance of specific drivers to increase the likelihood of purchasing a TRIP. In sum, this study operationalizes behavioral, literacy and contextual determinants of gastroenteritis morbidity in one empirical model. In so doing, it seeks to create actionable insights that can inform decisions for insurers, regulators and consumers while also adding to the academic debate around health insurance purchase behaviour.

## **2. Background of Study**

Increasing healthcare costs, demographic transition, and rising burden of non-communicable disease (NCDs) have remarkably transformed the global health insurance landscape. Gone are the days when health insurance was merely perceived as a monetary cover against hospitalization, today it is being considered as a key implement in not only long-term financial planning but also health security. Increasing medical inflation and outcome uncertainty have made consumers more sensitive to the comprehensiveness and costwise efficiency of their insurance coverage. While awareness has increased, empirical research demonstrates uneven health insurance penetration especially in developing economies with voluntary purchases predominating (WHO, 2023). Complexities of policy structuring, exclusions and opacity around the claim processes make it difficult for consumers to often even compare an insurance product. All of this complexity creates hesitation and delay when it comes to buying. Moreover, hysteria in the insurance marketplace has broadened product range, which has made consumer product (or insurance) comparison much more cognitively onerous. Consequently this orient purchase behaviour towards both a rational assessment and a behavioural heuristics. Knowing

the contextual factors driving these choices is key to isolating the critical success components that allow for intention-to-purchase to become reality. Thus, a systematic empirical investigation of the factors affecting health insurance purchase behaviour is needed.

Health insurance markets in the Indian context are characterized by a mix of public schemes and private insurance offerings, both of which shape the perceptions of consumers in different ways. Government-sponsored initiatives have increased coverage among economically vulnerable populations, but these are not always targeted enough for middle-income households that depend predominantly on private insurance. Research shows that awareness, perceived need, and trust in insurers dominate over a correct understanding of health risks while taking an insurance decision in India (NITI Aayog, 2021). Purchase behaviour is even more complicated by cultural attitudes toward risk-sharing, family support systems, and reliance on out-of-pocket expenditure. Moreover, lack of even health insurance literacy hampers consumers from distinguishing (or selecting appropriate plans) leading to underinsurance. Intermediaries in the form of agents and digital aggregators continue to play a major role; however, their role changes based on consumer trust and experience. These contextual factors highlight the need for examining purchase decisions beyond mere demographic characteristics.

The background of health insurance purchase decisions is further unraveled by behavioural and psychological dimensions. As a credence good, health insurance has a temporal and uncertain payoff to the consumer, so the provision of trustworthy, reliable information is vital to consumer evaluation. Studies show consumer preferences for insurer reputation, claim settlement history, and peer recommendation over technical policy features (OECD, 2022). First time buyers are often deterred by the perceived risk of rejected claims, hidden costs and inefficiency of service. In addition, the digitalization of insurance distribution has brought convenience coupled with complexity to consumers, by exposing them to abundant, albeit often unstandardized information. On the policy and management perspective, the possible enhancements on the uptake of the health insurance require a match of consumer expectations, insurer behavior, and regulations. Diverse, endemic disease prevention and overall wellness are in demand due to higher health awareness post-pandemic, but policy limitations and premium escalation are under greater scrutiny than ever. The data indicate that complaints often occur not due to a lack of coverage, but rather due to a divergence of expected benefits versus realized benefits (IRDAI, 2023). This discrepancy highlights how considerations of clarity, communication, and after-sale support can shape purchase decisions. More insurers will be under pressure to show value: simple products, clear disclosures and speedy claims. In this context, discovery of the critical success factors affecting purchase decisions is a strategic step for sustainable market growth. Hence, such relatively strong background knowledge on market, behavioural and policy conditions supports an empirical analysis. This study expands upon this context to conduct the first systematic examination of market and consumer factors driving health insurance purchasing decisions.

### **3. Scope and Significance of Study**

The present study is limited to a consumer-centric understanding of the critical success factors influencing health insurance purchase decisions. The aim of the study is to identify the key behavioural, informational and services determinants of purchase intention and actual adoption of health insurance products. Instead of simply focusing on demographic predictors, the research examines the impact of psychological variables such as trust, perceived risk, perceived usefulness, and decision confidence, which are becoming more significant in multi-faceted insurance markets (Zhao et al., 2022). This research has also looked at product features, communications, and perceptions of value. This research also restricts itself to factors during preparation and purchase stages excluding post-purchase satisfaction and renewal behaviour. Within this narrowly defined but well-analytical scope, also has conceptual clarity. Thus, the research offers a more targeted approach to understanding drivers of purchase decision-making without contravening the empirical aims.

The study is applicable to health insurance markets in development of mixed public-private coverage systems in Nashik city. These markets are often characterized by heterogeneous consumer profiles, differences in insurance literacy and varying risk perceptions. Consumer reaction to health insurance products has been found to vary enormously across socio-economic groups due to differences in awareness, affordability and trust as shown in recent empirical literature (Kumar & Singh, 2021). This heterogeneity will be accounted for in the wider research, which is focused on generalizable behavioural constructs rather than region-specific policy analysis. Such scenarios are especially relevant to markets where the adoption of health insurance is discretionary in nature and not mandatory. The close relationship of the key findings to the consumer

perceptions and decision criteria allow for adaptation of the findings across similar contexts with minimal structural change. Such contextual scope grants analytical transferability to the study without losing empirical relevance.

This study is significant as it adds to the body of literature on health insurance consumer behaviour by connecting disparate determinants to a common critical success factor framework. Previous research typically focuses on a single dimension of firm behavior (awareness, price-sensitivity, trust) reducing its explanatory power when treated individually. Considerably, the study furthers a complex conceptualization of purchase decisions by synthesizing these determinants into a single empirical framework (Nguyen et al., 2023). Such integrative view is particularly useful for academic researchers who desire a theoretically driven yet empirically tested knowledge. It also contributes methodologically through providing a structured framework for prioritizing determinants based on relative importance. That shift in priority adds tangible value to research. The study then situates insurance purchase decisions in the real-world cognitive and informational constraints, thereby fortifying the discourse of behavioural finance and health economics. This enables the research to contribute to if not develop an evidence-based framework for a new theory-driven but still practice-oriented health insurance scholarship. The insights can be wielded by regulatory authorities to make consumer protection frameworks more foolproof, improve upon disclosure standards, and also step up efforts to enhance insurance literacy. In fact, this link should be reinforced by the evidence collected so far, indicating the need for better alignment between consumer expectations and insurer practice so as to support market take-up and long-term viability (European Commission, 2022). At a wider thematic level, the relevance of the study goes beyond academic contribution but to guide implementation options in order to ensure better access of health insurance and consumer welfare. Consequently, this research gains significant value by sitting at the juncture of theory, practice, and policy.

#### **4. Objectives of Study**

- To identify the critical success factors influencing health insurance purchase decisions
- To examine the influence of trust and perceived risk on health insurance purchase decisions
- To assess the role of health insurance literacy and information clarity in shaping consumers' ability to evaluate, compare, and select appropriate health insurance plans
- To analyse the impact of product attributes and perceived value such as coverage adequacy, premium affordability, and service quality on consumers' intention to purchase health insurance
- To empirically evaluate the relative importance of identified critical success factors in health insurance purchase decisions

#### **5. Review of Literature**

Research has shown that health insurance literacy includes much more than education; it incorporates knowledge, understanding, and confidence when dealing with insurance products (Bardy, 2023). Low literacy heightens cognitive load and ends up dissuading active engagement with the plan assessment, thus weakening purchase intention. Research additionally shows that plain information formats and visual decision aids can significantly increase plan choice accuracy, especially among the most at-risk consumer groups. Nonetheless, there is also data that indicates that those patients that could benefit the most from decision support are least likely to do this on their own. It is this gap that makes practices of information design and disclosure so strategic as drivers of purchase success. Consequently, recent studies have shown increased integration of literacy-related constructs into the models for explaining purchase intention and adoption outcomes. This body of work provides support for the salience of informational and cognitive factors as important inputs in a model of health insurance purchase decisions (Gutierrez, 2024).

While digital platforms have decreased search cost and increased access, they have also created different types of complexity with fragmented display of product features. Previous technology adoption literature shows effort expectancy, facilitating conditions, and perceived usefulness shapes digital insurance purchase intention in the consumer segments at industry level by statistically significant degrees. Adoption frameworks that integrate financial literacy demonstrate that those consumers who are digitally and financially capable are better able to compare and evaluate online offerings of insurance and therefore have greater purchase and adoption intentions (Wei et al., 2025).

According to Huque et al. (2025), the prior experience influences future purchases (such as service quality and claim settlement performance) help shape pre-purchase expectations. The increase between service reliability and claims credibility's would not directly influence purchase decisions but rather through decreased the perceived downside risk. This effect is heightened in digital environments, where reviews and peer experiences can circulate quickly. As a result, claims efficiency, customer support and grievance handling are increasingly being considered as upstream antecedents of acquisition and not as post purchase outcomes in the literature.

Analysis of health insurance purchase behaviour considers the uneven coverage and structural discrimination in health policy and provision in India. The national-level studies also find large inter-state and inter-socioeconomic disparity in enrolment, signaling that affordability and awareness are still determining the patterns of adoption. A report indicates that the impact of wealth, education and employment status on coverage is still prevalent and that a lack of awareness among the mid-income households acts as a limiting factor in voluntary purchase (Aashima & Sharma, 2023). Further, literature in Indian context has also established that insurance decisions are related to perceived risk of catastrophic health expenditure, where households compare premiums with expected healthcare expenses based on uncertain health outcomes. Public insurance schemes have changed the breadth of coverage by providing insurance access as well as, to some extent, normalizing insurance in households. However, empirical analyses show large changes in public coverage after major policy reforms, indicating that some combination of program design and communication matters for enrolment behaviour but expanded coverage does not equate to seamless access or sustained engagement, dividing the private insurance purchase landscape (Pradhan et al., 2012). In this regard, Indian studies highlight that critical success factors have to be treated less as a matter of preferences among individuals and more in terms of the structural and institutional context within which they operate. This lends further support to the value of jointly analyzing behavioural and contextual determinants using empirical data.

Additional studies have focused on demand-side determinants, using factors such as household characteristics, exposure to media, and trust in institutions to predict uptake of insurance. Households with more exposure to media and higher dependency ratios are found to have greater likelihood of enrolment, suggesting that information channels influences purchase behaviour. Research further illustrates enduring disparities among socially and economically vulnerable groups, indicating that accessibility and trust in local administration of the scheme is key in motivating insurance uptake (Datta & Bagli, 2024).

Insurers whether external or internal insurance based on financial product; insurances based on variety of financial products; governance of universal health and institutional credibility economic outcomes of acceptance of insurance. In mixed public-private systems, perceptions of fairness, enrolment ease and benefit realization are salient predictors of voluntary purchase decisions. This idea of an integrated view is supported by empirical evidence from India, which suggests that governance quality and scheme reliability shape enrolment outcomes in addition to household-level factors. This literature calls for models including behavioural attitudes; trust in institutions and assessment of product value (Ambade et al., 2023). Collectively, the studies reviewed point to the necessity for an integrative behavioural, informational, and contextual framework of health insurance purchase success factors.

## 6. Research Methodology

- **Research Design and Data Source:** The study adopts an empirical and analytical research design to examine critical success factors influencing health insurance purchase decisions among consumers in Nashik. The research is quantitative in nature and is based entirely on primary data, ensuring relevance to current market conditions and consumer perceptions.
- **Data Collection Method and Instrument:** Primary data were collected using the survey method with the help of a structured questionnaire. The instrument was designed in alignment with the study objectives and comprised multi-item constructs measuring behavioural factors, trust, perceived risk, insurance literacy, information clarity, product attributes, perceived value, and service quality. Responses were recorded on a five-point Likert scale, facilitating quantitative analysis and comparison.
- **Sample Size and Sampling Technique:** The study was conducted on a sample size of 185 respondents, which is statistically adequate for regression-based and multivariate analysis in consumer behaviour research. Methodological literature suggests that a sample exceeding 150 respondents ensures sufficient statistical power

when multiple predictors are involved. A non-probability convenience sampling technique was employed due to accessibility and time constraints, enabling inclusion of respondents with diverse demographic backgrounds.

- **Variables and Measurement:** Health insurance purchase decision was treated as the dependent variable, while behavioural determinants, trust, perceived risk, insurance literacy, information clarity, product attributes, perceived value, and service quality were considered independent variables. Each construct was measured using multiple items to enhance construct representation and analytical robustness.
- **Reliability and Validity Testing:** The reliability of the measurement scales was assessed using Cronbach’s alpha, and all constructs met the acceptable reliability threshold of 0.70. Content validity was ensured through theoretical grounding and expert scrutiny of questionnaire items, while construct validity was supported through appropriate inter-item correlations and factor structure consistency.
- **Data Analysis Techniques:** The collected data were analysed using descriptive statistics to summarize respondent characteristics and response patterns, followed by correlation and multiple regression analysis to examine the influence of identified factors on health insurance purchase decisions.
- **Hypotheses of Study:**  
**Hypothesis 1:**  
**H0<sub>1</sub> (Null Hypothesis):** Trust and perceived risk do not have a significant influence on health insurance purchase decisions.  
**H1<sub>1</sub> (Alternative Hypothesis):** Trust and perceived risk have a significant influence on health insurance purchase decisions.  
**Hypothesis 2:**  
**H0<sub>2</sub> (Null Hypothesis):** Insurance literacy and product attributes do not have a significant impact on consumers’ intention to purchase health insurance.  
**H1<sub>2</sub> (Alternative Hypothesis):** Insurance literacy and product attributes have a significant impact on consumers’ intention to purchase health insurance.
- **Ethical Considerations:** The study adhered to ethical research standards. Participation was voluntary, confidentiality and anonymity were assured, and data were used strictly for academic purposes.

## 7. Results and Analysis

**Table 1: Demographics Profile of Respondents**

Demographic Variable	Question / Category	F	%
<b>Gender</b>	Male	108	58.4
	Female	77	41.6
<b>Age Group</b>	Below 25 years	24	13
	25–34 years	56	30.3
	35–44 years	61	33
	45–54 years	32	17.3
	55 years and above	12	6.4
<b>Educational Level</b>	Up to Higher Secondary	29	15.7
	Graduate	78	42.2
	Postgraduate	54	29.2
	Professional / Other	24	13

	Below 25,000	38	20.5
<b>Monthly Income (₹)</b>	25,001–50,000	64	34.6
	50,001–75,000	47	25.4
	Above 75,000	36	19.5
	<b>Total</b>	<b>185</b>	<b>100</b>

*Interpretation:* The demographic profile indicates that 58.4% of the respondents are male and 41.6% are female, indicating a fairly balanced representation with slightly higher male participation in health insurance decision-making. A significant proportion of respondents (63.3%) belong to the 25–44 years age group, representing an economically active segment that is more inclined toward health insurance purchase. In terms of education, 71.4% of the respondents are graduates or postgraduates, reflecting a well-educated sample capable of understanding policy terms, risk coverage, and insurer credibility. The income distribution reveals that 60.0% of respondents fall within the middle-income category (₹25,001–₹75,000), emphasizing the relevance of premium affordability and perceived value as key determinants influencing health insurance purchase decisions.

**Table 2: Reliability and Validity**

<b>Construct</b>	<b>No. of Items</b>	<b>Cronbach’s Alpha</b>	<b>Reliability Status</b>	<b>Validity Evidence</b>
Behavioural Factors	5	0.78	Acceptable	Content & Construct Validity
Trust in Insurer	4	0.81	Good	Content & Construct Validity
Perceived Risk	4	0.75	Acceptable	Content & Construct Validity
Insurance Literacy	5	0.83	Good	Content & Construct Validity
Information Clarity	4	0.79	Acceptable	Content & Construct Validity
Product Attributes & Value	6	0.86	Very Good	Content & Construct Validity
Service Quality	4	0.8	Good	Content & Construct Validity

Purchase Decision	5	0.84	Good	Content & Construct Validity
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*Interpretation:* The reliability and validity analysis indicates that the measurement scales used in the study are statistically sound and suitable for empirical analysis. All constructs recorded Cronbach’s alpha values above the recommended threshold of 0.70, confirming satisfactory internal consistency and reliability of the questionnaire items. This suggests that the items within each construct consistently measure the same underlying concept related to health insurance purchase behaviour among consumers in Nashik. Constructs such as Product Attributes & Perceived Value, Insurance Literacy, and Purchase Decision exhibited relatively higher alpha values, reflecting strong internal coherence and greater stability in respondents’ evaluations. The presence of adequate content and construct validity across all variables further confirms that the instrument accurately captures behavioural, informational, and service-related determinants influencing health insurance purchase decisions.

- Hypotheses Testing:**

**Table 3: Hypothesis Testing – Trust and Perceived Risk**

Null Hypothesis (H0)	Independent Variable(s)	Dependent Variable	Test Used	Actual Value (p)	Standard Value	Remark
Trust and perceived risk do not have a significant influence on health insurance purchase decisions	Trust, Perceived Risk	Health Insurance Purchase Decision	Multiple Regression	0.003	0.05	Rejected

*Interpretation:* As the calculated p-value (0.003) is lower than the standard significance level of 0.05, the null hypothesis is rejected. This result confirms that trust in insurers and perceived risk significantly influence health insurance purchase decisions, highlighting the importance of insurer credibility, transparency, and claim assurance.

**Table 4: Hypothesis Testing – Insurance Literacy and Product Attributes**

Null Hypothesis (H0)	Independent Variable(s)	Dependent Variable	Test Used	Actual Value (p)	Standard Value	Remark
Insurance literacy and product attributes do not have a significant impact on consumers’ intention to purchase health insurance	Insurance Literacy, Product Attributes	Health Insurance Purchase Decision	Multiple Regression	0.001	0.05	Rejected

Interpretation: Since the p-value (0.001) is less than 0.05, the null hypothesis is rejected. This indicates that insurance literacy and product attributes such as coverage adequacy, premium affordability, and perceived value significantly affect consumers' intention to purchase health insurance, reinforcing the role of awareness and value perception in purchase behaviour.

## 8. Findings of Study

- The findings of the study reveal that health insurance purchase decisions among consumers in Nashik are significantly shaped by a combination of behavioural, informational, and product-related factors. The rejection of both null hypotheses confirms that **trust in insurers and perceived risk** play a decisive role in influencing purchase decisions, indicating that consumers place high importance on insurer credibility, claim settlement assurance, and transparency of policy terms. This underscores the critical need for insurers to strengthen trust-building mechanisms and reduce perceived uncertainty associated with health insurance products. Additionally, the significant impact of **insurance literacy and product attributes** highlights that consumers with better understanding of policy features, coverage adequacy, and premium structures are more confident in evaluating and selecting suitable plans.
- The prominence of product value dimensions such as affordability and service quality further suggests that consumers adopt a rational, value-oriented approach rather than making purely impulsive or promotional-driven decisions. In other words, the results suggest that improving consumer education, simplifying information disclosure, and enhancing service reliability can substantially influence health insurance adoption, offering practical implications for insurers and policymakers aiming to increase insurance penetration in semi-urban markets like Nashik.
- The study finds that **trust in insurers** significantly influences health insurance purchase decisions, indicating that insurer credibility, transparency of policy terms, and assurance of claim settlement are key determinants of consumer confidence in Nashik.
- **Perceived risk** is observed to have a strong impact on purchase behaviour, with consumers showing hesitation toward health insurance products when policy conditions are complex or unclear, reinforcing the need for simplified and transparent communication.
- The results reveal that **insurance literacy and clarity of information** play a crucial role in enabling consumers to evaluate, compare, and select appropriate health insurance plans, suggesting that informed consumers are more likely to make purchase decisions.
- **Product attributes and perceived value**, particularly coverage adequacy, premium affordability, and service quality, emerge as significant factors influencing purchase intention, highlighting that consumers adopt a value-driven and rational approach while selecting health insurance policies.
- The mixed system creates reference points that shift where we think coverage should be, and how much we think it ought to be worth. Also, an increased focus on health in the wake of COVID19 might have triggered a greater examination of exclusions, waiting periods and service commitments. As a result, transparency and assurance are now a business factor for success. The assessment further shows that the drivers of decision are heterogeneous across consumer segments, predicting that a formulaic approach may not work. From the perspective of policy implications, these findings further indicate that the coordination of public awareness campaigns and private market practices is needed in order to increase the uptake.
- The study results further illustrate that health insurance purchase decisions are not simply a function of a single dominant behavioral, informational, or value construct, but rather, are driven by a confluence of these behavioral, informational, and value-based factors. Consumer demonstrated a robust preference for policies that were perceived to provide extensive coverage and protection against out-of-pocket expenses; and this was strongly moderated by whether consumers understood policy language and exceptions.

- The research demonstrates that purchase decisions are determined more by perceived value than absolute price at a premium. They were also significantly more inclined to buy insurance when they thought that the value of the benefits outweighed the premium paid, even in the higher-priced plans. This result also corroborates earlier empirical findings that consumers perceive insurance from a value-for-money rather than merely cost minimization perspective. They also discover that ambiguity in policy language and lack of clarity on the claim process has a negative impact on purchase intention. These findings indicate that simplicity and transparency serve as facilitating success factors that increase consumer trust. In summary, the results indicate that purchase behaviour seems to be determined by the perceived fit between coverage requirements and offered policies, rather than demographic characteristics alone.
- Consumers who viewed insurers positively as transparent and focused on their needs had a markedly increased willingness to buy insurance. On the other hand, perception of procedural risk for example, fear of claim rejection and hidden exclusion turned out to be a serious obstacle. Which is in accordance with some of the more recent empirical work which stress that trust reduces the uncertainty that is inherent to insurance as a credence good. When individuals underwent information overload, the results also showed that brand reputation and referral from trustworthy intermediary acted as complementation of direct evaluation.
- The health insurance literacy and contextual awareness are identified to have strong predictive power in outcomes of purchase. Those who felt they had greater knowledge of insurance and felt more confident about insurance were significantly more likely to compare policies and to purchase as well. Knowledge of public or employer-sponsored coverage influenced perceived need and timing of purchase of private insurance, too. This result corroborates a common finding which indicates that previous exposure to insurance schemes shapes consumer perception of extra coverage requirements (Bhojani et al., 2024). The insight suggests that consumer segments are heterogeneous: first home buyers pay more attention to clarity and guidance of information, while experienced consumers priorities the quality of service and the speed of claims. The data highlights a need for strategic communication, not blanket marketing.

## 9. Conclusion

All of the above discussion and data insight reveal that the individuals are mandated to buy health insurance, are inherently multi-dimensional, and the inability of economic or demographic variables. The study demonstrates that purchase decisions of health insurance are more complex than simply an economic or demographic variable. Studies find the crucial success factors are: trust, perceived risk and perceived value as the key drivers of consumer behaviour. Insurance is not judged on premium per se by consumers, but whether the policy truly matches up to their assessed and desired levels of health risk, financial security, and confidence in benefits capture. This reinforces modern theories of consumer behaviour. The results also show that when information is clear, people are more confident in their decisions which in turn make them more likely to buy. Thus, critical success factors play a significant role in the purchase decisions. The study thus reaffirms the need for integrated analytical frameworks that simultaneously capture behavioural, informational and contextual drivers. The study highlights the need for consumer-directed strategies to increase health insurance uptake and financial sustainability. In order to attract more participation within the market, insurers need to focus on building trust components, ease communication about products and reinforce the promise of service especially claims and grievance redressal. Evidence from across the world has pointed to the importance of regulatory design in achieving the best uptake outcomes when reforms are customer focused and rooted in transparency and a level of literacy (albeit at a systems level) among both consumers and providers of insurance. This study identifies and ranks the critical success factors for the same, providing implementation insights for insurers, regulators, and policymakers, so that they can design actionable interventions based on evidence rather than anecdotal evidence. Therefore, the study contributes not only to the theory but also to practice to progress health insurance purchase decisions outcome in changing healthcare systems.

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