

RESEARCH PAPER ON CONSUMER BEHAVIORS ABOUT INSURANCE AMONG YOUNG ADULTS: A STUDY OF KHAMGAON'

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Abstract

This study explores the consumer behavior of young adults specifically in relation to life insurance. Life insurance is a critical financial tool that provides long-term security and support, yet its adoption among the younger population remains relatively low. The research investigates the level of awareness, perception, and factors influencing the decision to purchase or avoid life insurance among individuals aged 18 to 30 years. Primary data was collected through a structured questionnaire to understand their attitudes and preferences. The findings suggest that although there is basic awareness of life insurance, many young adults lack a clear understanding of its importance, especially in early adulthood. Key barriers identified include limited income, low perceived need at a young age, lack of financial literacy, and limited trust in insurers or agents. The study highlights the need for simplified insurance products, financial education initiatives, and the use of digital platforms to make life insurance more appealing and accessible to the youth segment.

Keywords: *life insurance, consumer behaviors, Generation Z, Khamgaon, financial literacy, digital platforms*

Introduction

Life insurance is one of the most important tools in personal financial planning. It provides financial security to individuals and their families in case of unfortunate events such as death or serious illness. It also helps in long-term savings, tax planning, and peace of mind. Despite these benefits, many young adults do not consider life insurance as a necessary investment in their early years. This shows a gap between the availability of life insurance and its acceptance among the younger population. Young adults, usually between the ages of 18 to 30 years, are in a stage of life where they are either completing their education, starting their careers, or becoming financially independent. At this point, their focus is mostly on short-term goals like buying gadgets, traveling, or saving for further studies. Long-term planning, such as buying life insurance, often does not seem urgent or important to them. Many believe that life insurance is meant only for older people or those with families to support. This belief leads to low participation in insurance at a young age.

In addition to this mind-set, several other factors contribute to the low interest in life insurance among young adults. These include a lack of proper awareness, limited financial knowledge, low income, fear of complicated terms and conditions, and lack of trust in insurance companies or agents. Traditional methods of selling insurance, which rely heavily on physical interaction and paperwork, also do not appeal to today's tech-savvy youth who

prefer online services and digital convenience. However, with the growing use of smartphones, internet access, and financial apps, young people are becoming more exposed to the concept of financial planning. They are slowly starting to understand the importance of securing their future. Still, awareness does not always lead to action. There is a need to better understand how young adults think about life insurance, what influences their choices, and what prevents them from buying it. This research focuses on studying the consumer behaviour of young adults with respect to life insurance. It aims to find out their level of awareness, perception, sources of information, and the key factors that influence their decision to buy or avoid life insurance. It also explores the role of digital platforms, family, peers, and insurance agents in shaping their views. By identifying these behavioral patterns and challenges, this study hopes to provide useful suggestions to increase awareness and improve the life insurance participation rate among young people. The findings of this research can help insurance companies, educators, and policymakers to create more youth-friendly insurance products and better communication strategies that suit the mindset and lifestyle of the younger generation.

Literature Review

- a. Chaudhury (2016) found that while most life insurance investors are aware of their plans, their satisfaction levels vary, especially due to

the perception of high premiums. He also observed a significant difference in satisfaction between customers of public and private insurance companies.

- b. Sinha and Sharma (2017) established that individuals with higher income and education levels are more likely to purchase life insurance. Financial stability and greater awareness make this group more inclined to invest in such products. Their findings suggest a positive correlation between affluence, education, and insurance uptake.
- c. Kunreuther (1979) emphasized the importance of insurance for protection against large potential losses, such as the death of a primary earner. Despite its practical benefits, selling life insurance remains a challenge due to the general public's resistance to planning for worst-case scenarios.
- d. Namasivayam, Ganesan, and Rajendran highlighted that income, education, occupation, and family size are key socio-economic factors influencing life insurance decisions. Their study indicated that policyholders tend to choose insurance plans based on their personal financial goals and circumstances.
- e. Raju and Gurupandi (2009) found that the socio-economic background and attitudes of policyholders greatly influence their decisions to purchase life insurance. Their study on LIC policyholders reflected diverse opinions based on personal and financial contexts.
- f. Patel (2021) examined the spending behaviors of Generation Z, noting a preference for short-term financial goals over long-term commitments like life insurance. This generation prefers investing in skills and experiences and is generally skeptical about long-term products.
- g. Harris (2019) added that economic uncertainty has made Generation Z more risk-averse. They are less likely to invest in life insurance unless an immediate need arises, showing caution in financial commitments.
- h. Edelman (2020) observed that Generation Z relies more on peer recommendations, online reviews, and social media when making financial decisions. Traditional marketing and insurance agents are less influential for this group. Singh noted that insurers are trying to connect with Gen Z through digital channels, but success varies regionally.

Research Methodology

Research Design

Descriptive Research Design: In this study, I will use the descriptive research design. A research

method known as descriptive research outlines the features of the population or phenomenon under study. This methodology emphasizes the “what” of the study topic more than the “why” of the topic. Descriptive research is undertaken in any circumstances.

Objectives of the Study:

- 1) To study awareness of young adults about life insurance.
- 2) To understand attitude of young adults towards importance of life insurance
- 3) To identify factors that affect their decision to buy life insurance.
- 4) To evaluate impact current marketing strategies on them.
- 5) To examine their buying behaviour related to life insurance

Area of the study: The responders are from Khamgaon City. Most data are collected from the public.

Sampling Technique: Simple Random Sampling. A questionnaire was administered to different students and working professionals to obtain data for the purpose of analysis

Research Type: Descriptive type of research

Sampling Technique: Simple Random Sampling.

Sample Size: Data is collected using a sample of 150 Respondents.

Sample Unit: Individuals who are Self Employed, employees, housewives, businessmen, job seekers, and students were chosen as samples.

Data Collection Method:

1. Primary Data Collection Method:

Primary data was gathered using a well-structured questionnaire. The survey incorporated both interviews and closed-ended questions, including those based on a Likert Scale to measure responses. The questionnaire was carefully designed using simple, non-technical language to ensure clarity and ease of understanding. To respect the respondents' time and encourage full cooperation, the survey was kept concise, addressing all necessary questions to achieve the study's objectives.

2. Secondary Data Collection Method:

Secondary data was sourced from a variety of literature, including books, academic journals, research papers, and other scholarly works. In addition, relevant information was obtained from credible websites and online databases.

Limitations

- The sample size is small, which may not fully represent the population
- Privacy concerns may have led to incomplete or inaccurate answers

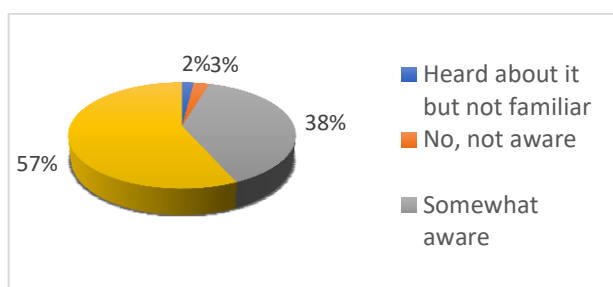
- The survey was only done in Khamgaon, so the results show local behavior and may not apply to other places
- Some people had trouble understanding the questions due to language Barrier

Data Analysis

This section presents an analysis of key findings related to life insurance awareness, preferences, and buying behavior among 150 young adults in Khamgaon.

A. Awareness Levels Regarding Life Insurance

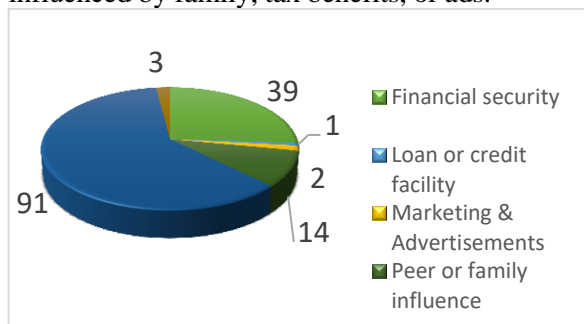
The below chart shows that most young adults in Khamgaon are aware of life insurance. The survey reveals that 95.4% of respondents have heard about it. Among them, 56.7% fully understand the types and benefits of life insurance, while 38.7% have only basic knowledge.



Only 2.6% of participants said they were not aware of it at all. This high level of awareness is likely due to factors such as good education, use of the internet and social media, and family discussions during important life events like marriage or having children. It reflects that life insurance is no longer seen as a difficult or unfamiliar topic among the youth.

B. Major Factors Influencing Purchase Decisions

The responses show that saving for the future is the main reason people buy life insurance, chosen by 60.7% of participants. 26% said financial security was their reason, while fewer people were influenced by family, tax benefits, or ads.

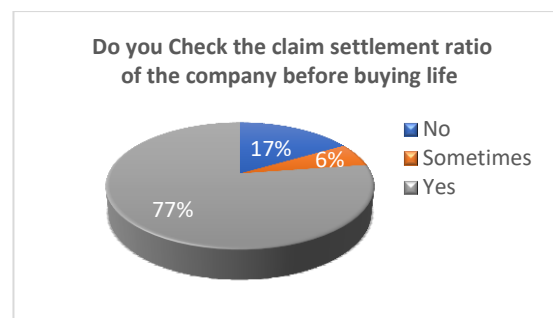


This shows that most young adults see life insurance as a way to save and plan for the future, not just for

protection or tax savings. It also shows that they are becoming more independent in making insurance decisions

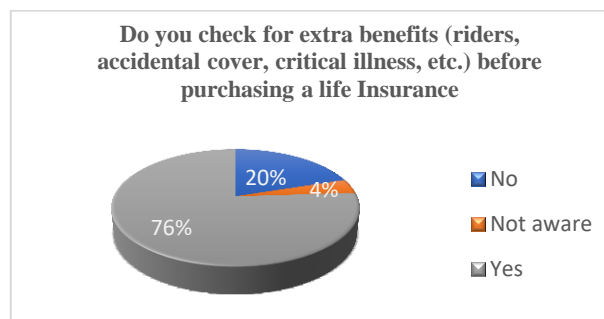
C. Attention to Claim Settlement Ratios

The below chart and show that most people (77.3%) check the claim settlement ratio before buying insurance. This means they want to know if the company pays claims properly.



Only a few people (16.7%) don't check it, and 6% check it sometimes. This shows that many young people are careful and want to choose a safe and trusted company. It also means they are doing more research before buying a policy.

D. Consideration of Riders and Additional Coverage Benefits

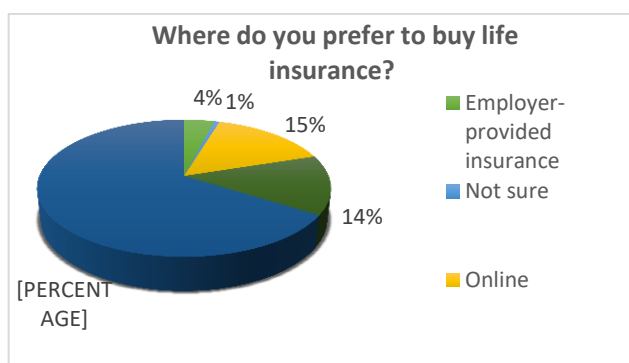


The chart shows that 76% of respondents (114 out of 150) actively look for extra benefits like accidental death cover or critical illness riders when purchasing life insurance, indicating a strong level of awareness. In contrast, 20% (30 respondents) do not check for these features, possibly relying on others or lacking understanding. Additionally, 4% (6 respondents) were unaware of such benefits, highlighting the need for better education from insurance providers. Most buyers are informed and cautious when selecting life insurance.

E. Preferred Channels for Purchasing Insurance

The chart and table show that 66% of respondents (99 out of 150) prefer buying life insurance through an agent, valuing face-to-face interaction and expert

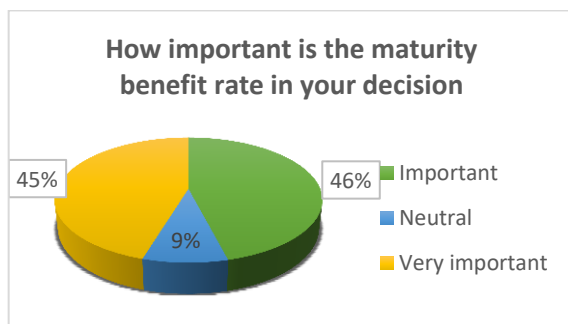
advice. 15.3% prefer online platforms, and 14% choose banks or financial institutions.



A small number (6) prefer employer-provided insurance. While agents still dominate, the rise of online users indicates a slow shift towards digital channels, especially among tech-savvy individuals.

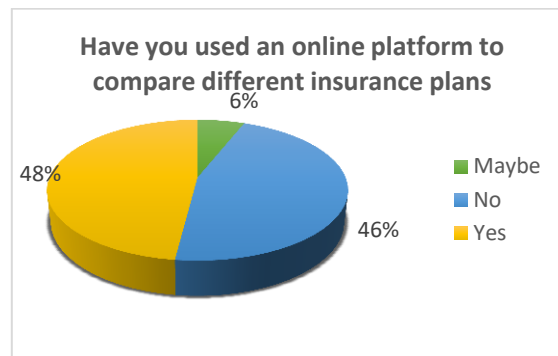
F. Impact of Maturity Benefit on Selection

The chart shows that 91% of participants consider the maturity benefit important or very important when choosing a life insurance policy. Specifically, 46% marked it as important, and 45.3% marked it as very important. Only 8.7% were neutral, and none found it unimportant. This indicates that the majority of young adults not only seek life insurance for protection but also value the financial returns it offers, seeing it as a tool for saving toward future goals.



G. Use of Online Comparison Platforms

According to the chart and table, out of 150 respondents, 48% have used online platforms to compare life insurance policies, while 46% have not, and 6% were unsure. This shows that nearly half of the respondents rely on digital tools for comparing insurance plans, indicating growing trust in online platforms.



The remaining respondents may still prefer agents or offline sources, with a small percentage possibly using online tools without realizing it. Overall, this suggests that digital platforms are becoming more popular for insurance research, especially among younger, tech-savvy individuals.

Findings

- Respondents are young, educated, and early in their careers
- Awareness of life insurance is good, but knowledge of different policy types is limited
- Family, friends, and cultural values play an important role in introducing and influencing life insurance decisions. Many check key features like claim ratios and added benefits before buying
- Preference for agents remains strong, but online comparisons are also used
- Life insurance is mainly seen as a way to ensure long-term financial security for themselves and their families, rather than just for saving tax. Clear, real-life ads are more effective than flashy or celebrity-based ones
- Most policyholders are satisfied with their insurance choices and often recommend or influence others in their circle to purchase insurance as well

Conclusion

- The study reveals that young adults are increasingly aware of life insurance, with many having a solid understanding of its importance for financial planning.
- While awareness is high, there is still limited knowledge of specific policy types, indicating a need for more education on available options.
- Family and friends play a significant role in introducing life insurance, and young adults value guidance from trusted sources.
- The preference for agents remains strong, but many also use online platforms, indicating a shift towards combining traditional and digital approaches.

- Young adults view life insurance as a long-term security tool rather than just for tax saving, reflecting a more responsible financial mindset.
- Simple, relatable ads and real-life stories are more effective in influencing purchasing decisions than flashy or celebrity-driven promotions.
- Most respondents are satisfied with their policies and are likely to recommend them to others, showing positive experiences with their choices.
- Insurance companies can strengthen their connections with young consumers by offering clear, transparent communication, digital tools, and relatable content, creating long-term relationships.
- Offer starter plans with low premiums to help them get started early.
- Mix digital support with personal advice from agents.
- Focus on honest, simple messages instead of flashy ads.
- Build trust by explaining the claim process clearly.
- Organize sessions in colleges to spread awareness about financial planning.

Suggestions

- Make life insurance information easy to understand for young people.
- Use social media and online tools to reach them where they spend time.

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