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# Analysing Consumer Awareness and Perceptual Trends Toward Health Insurance: A Case Study of Vadodara District, Gujarat

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**Abstract**

In the evolving landscape of Indian healthcare, health insurance has transitioned from a secondary financial tool to a fundamental pillar of social security. Skyrocketing cost of healthcare and increasing prevalence of lifestyle diseases has been the reason for the transformation of the health insurance sector. Health insurance is a vital tool for managing risk and financial planning. Despite the efforts of both public and private sectors in offering a diverse range of health insurance products, the coverage remains notably low. There is a significant gap between availability of products and acceptance among people towards health insurance products. It is critical to understand the challenges that affect the adoption of health insurance among people. This study evaluates the level of awareness and perception about various health insurance schemes offered by the public and private players. The study identifies the key factors that influence the purchasing behavior of customers in Vadodara district, Gujarat. A structured questionnaire has been designed to collect the data. A convenience cum purposive non-random sampling method has been adopted to gather the data from the 200+ targeted respondents. Responses have been analyzed to understand customer preferences and reasons for purchasing health insurance policies and barriers for not purchasing the policy. The study examines the interplay between purchasing drivers and systemic barriers, such as technical jargon, opaque claims processes, and the prevailing misconception of insurance as an investment rather than a protective necessity. The findings indicate that general awareness is prevalent, granular knowledge of policy inclusions and exclusions remains deficient. This research offers strategic insights for policymakers and providers to refine communication frameworks and design tailored products that bridge the existing literacy gap.

**Key words:** Health insurance, Perception, Awareness, Vadodara, Gujarat, Socio-economic Security.

## 1.Introduction

In the contemporary Indian economy, health insurance has transitioned from a secondary financial instrument to a fundamental pillar of social security. This transformation is a direct response to skyrocketing cost of healthcare and increasing prevalence of lifestyle diseases in Indian population. Health insurance plays a vital role in managing risk and helps in financial planning. Now a days, people believe in health insurance as an essential safety net rather than a tax-saving tool.

The Sanskrit mantra from Atharvaveda quoted in Mandukya Upanishad states "Sarvebhavantusukhinah, Sarvesantuniramaya" implying that 'May all be happy, may all be free from illness, may all see what is auspicious, may no one suffer'. (Garuda purana) The same spirit has been enshrined in the United Nations Sustainable Development Goal-3 (SDGs) on Health and Well-Being for all. India too believes in the same ethos. Insurance Regulatory and Development Authority of India (IRDAI) announced the goal of "Insurance for all by 2047", aligning to Viksit Bharat @ 2047 to make India the global superpower. (Official IRDAI press note November 25,2022) The health insurance sector plays a pivotal role in the growth of the general insurance industry in India. There is significant untapped potential within the health insurance segment, indicating substantial opportunities for the sector, given the current low levels of health insurance penetration.

Gujarat being a hub of industries, recognized as India's industrial powerhouse, contributing significantly to the national GDP through its manufacturing and pharmaceutical sectors. Within the state of Gujarat, Vadodara occupies a distinguished position. The city is known as the Sanskari Nagari (The City of Culture), it is also a major industrial and educational hub and serves as the medical epicenter for Central Gujarat. The city is home to a high density of multi-specialty hospitals and public-sector units (PSUs), creating a demography that is largely salaried, educated, and health-conscious population. Despite this high level of digital literacy among the people in Vadodara, a critical gap persists between access and usage of health insurance. Barodians are well aware about the concept of insurance but the actual enrollment often lags due to systemic and cognitive barriers.

The present study evaluates the level of awareness and perception about various health insurance schemes offered by the public and private players to the population of Vadodara City. It identifies the key factors that influence the purchasing behavior of customers in Vadodara district, Gujarat. The study also attempts to explore the socio-economic barriers that prevents people from purchasing the health insurance policy. The study aims to provide insights for insurance providers and policymakers to bridge the gap among people pertaining to knowing about a policy and actually buying the one.

The study is divided into six sections; the current section introduces the research area. Section two reviews the related literature followed by objectives of the study mentioned in section three. Research methodology has been detailed in section four. Section five covers data analysis and interpretation. Suggestions and recommendations have been briefed in section six, followed by the reference list.

## 2.Review Of Literature

The current section covers the review of related literature for the period 2012 to 2025 pertaining to health insurance schemes, coverage, status, awareness and penetration in India. Based on the review of literature, research objectives were framed.

**Madhukumar, Sudeepa, and Gaikwad (2012)** assessed awareness and willingness to pay for health insurance in Nandagudi village, Hoskote taluka, Bangalore. It was based on systematic random sampling. The study found that out of 331 households, only one-third of households were aware of health insurance, with 22% having coverage. Factors like education, socio-economic status, and family type influences the buying behavior for health insurance subscription. The barriers identified were low income, unreliability, lack of acquaintance uptake, preference for other investments, inadequate knowledge, and perceived lack of need. Additionally, 74% of families wanted government-provided comprehensive healthcare.

**Kumabam, Meitei and Singh (2013)** analyzed customer perception of Health Insurance Products in Imphal City, Manipur (India). Structured questionnaire and descriptive statistics were used to examine the perception levels. It was identified that key motivators for purchase of health insurance products were attractive schemes, tax benefits, and coverage for major expenses. Conversely, lack of investment return, poor service, and absence of empaneled hospitals discourages people to uptake health insurance. The study concluded that trust in the company, effective agent marketing, and advertising play vital role in influencing health insurance adoption among people.

**Nagaraju (2014)** evaluated nature and extent of coverage of health insurance schemes in India. Financial Ratio analysis and Correlation analysis was carried out to examine the awareness, satisfaction, perception level of the beneficiaries, using variables such as infant mortality rate, maternal mortality rate, life expectancy rate, birth and death rate. The study found that the awareness about total sum assured, coverage to family, eligibility conditions, pre authorization formalities positively correlated with the health insurance scheme. The Governments must prioritize on the efficient delivery of health insurance schemes.

**Jain et al. (2014)** tried to understand enrollment of people for Community Health Insurance (CHI) Schemes in rural India. Awareness about health insurance in villages is low. It was analyzed that willingness to pay is also limited and depends on factors such as income, education, family size, and past experiences with illness. Trust in scheme management and perceived quality of healthcare services significantly affect participation decisions. The study concluded that community health insurance can enhance financial protection in rural India when supported by subsidies, community involvement, and strong institutional frameworks.

**Das and Shome (2016)** examined the determinants of insurance penetration in India using time-series data covering the period from 1992 to 2014. The study analyzed multiple economic and social variables such as inflation, foreign direct investment, education, life expectancy, labor productivity, dependency ratio, and openness of the economy. It was concluded that macroeconomic factors such as GDP growth, inflation, income levels play vital role to improve insurance penetration in India.

**Babu (2018)** analyzed the present status of health insurance in India from 2012-13 to 2016-17. It also suggested some regulatory initiatives to increase health insurance penetration in India. 75% people covered under government health insurance scheme and remaining covered under private or individual policies. The government, private providers, and civil society must collaborate to offer affordable insurance for everyone. The study suggested that structural reforms are needed in current central and State health insurance programs to improve operational efficiency and give societal benefits.

**Chatterjee, Nayak and Mahakud (2023)** analyzed the determinants of health insurance penetration among elderly people in India. The study highlighted the need for coverage due to rising healthcare costs and chronic illness risks. Using secondary data, it examined socioeconomic, demographic, and regional influences on insurance uptake. Results indicated that education, income, residence, caste, and healthcare access significantly affect coverage among older adults. The study concluded that improved policies, simplified enrolment, greater awareness, and stronger rural health services are essential to enhance health insurance penetration for India's elderly population.

**Patel and Desai (2025)** carried out a comparative study on micro-health insurance awareness and impact in the rural talukas of Bardoli and Chorasi in Surat district, Gujarat. The study reveals significant inter-regional differences, demonstrating higher awareness and enrollment levels in Chorasi compared to Bardoli. The study highlighted the challenges, such as claim settlement, lack of transparency, and limited access to quality healthcare providers, faced by respondents in both talukas. It emphasized on the need for simplified procedures, improved communication, and strengthened rural healthcare infrastructure that may enhance the effectiveness of insurance in rural Gujarat.

Most studies focus on health insurance schemes offered by the Government.Research rarely dives into whether customers in Vadodara understand specific policy, whether they have any kind of provision of insurance? What are their perceptions in purchasing or not purchasing the health insurance policy?

The main purpose of the study is to evaluate awareness and perception of health insurance Schemes in Vadodara district, Gujarat**.** The health insurance sector in Gujarat has been experiencing significant change, driven by various socio-economic, environmental, and healthcare factors.

There is a critical need for in-depth research into the health insurance sector in Vadodara district, Gujarat state, as it navigates the complex interplay of economic, social, and environmental factors that affects the growth and development of health insurance sector.

## 3.Objectives Of The Study

- To understand the awareness and perception of health insurance Schemes among the residents of Vadodara, Gujarat.
- To identify the factors that influences the buying behavior of customers pertaining to health insurance policy.

## 4.Research Methodology

This study adopts an exploratory and qualitative research design to evaluate the nuances of customer awareness and perception of Health Insurance in Vadodara district, Gujarat. The section covers sampling techniques, data collection aspects and analytical framework adopted for the study.

Sampling: A convenience-cum-purposive non-random sampling method has been used to gather data from 200+ targeted respondents in the Vadodara district. The respondents identified were above the age of 18 years.

Data Collection: A structured questionnaire has been designed to capture demographic aspects such as awareness levels, perception and behavioral drivers of respondents, and barriers in purchasing health insurance policy. Data has been collected via Google form, disseminated through WhatsApp communities to reach maximum respondents.

Analytical Framework: The data have been analyzed using descriptive statistics, including pie charts and bar graphs, while responses have been used to quantify qualitative perceptions. The analysis focused on discussion of the collected responses particularly emphasizing on evaluation of awareness and perception of health insurance among customers in Vadodara District, Gujarat.

## 5.Data Analysis And Interpretation

Data analysis and interpretation have been carried out in five categories: analysis of demographic profile of respondents, awareness aspects pertaining to insurance and health insurance schemes among respondents mapping the health insurance coverage, perception and behavior drivers in purchasing health insurance policies and challenges faced by respondents in understanding the policy documents. The data have been presented and analyzed using tables and pie diagrams.

### 5.1 Demographic Analysis

The study analyzed more than 200 respondents on the basis of demographic factors such as age, education, occupation and income.

Table 1 presents a demographic profile analysis of customers, most of the respondents were salaried (61.2%), belonged to the age group of 31-50 years (43%) with an education background of postgraduation (56.8%), and has family income between Rs. 2,50,000/- to 5,00,000/- (39%).

**Age Group Distribution:** The age-wise distribution of respondents was evenly distributed between the groups of 18-30 years (34.8%), 31-50 years (43%),and 51 years and above (22.2%), with a total of 207 surveyed individuals.

**Education:** Post graduate respondents dominate the sample representing 56.8% respondents. On the other hand, respondents having UG degree were 13.1%, Diploma degree 9.7%, $12^{th}$ Pass 12.6%, and education qualification less than or equal to $10^{th}$ standard were 7.8%.

**Occupation:** Out of 206 respondents surveyed 126 respondents were found to be **s**alaried (61.2%). Self-employed/Business Owner marked a presence of 14.1%, while home maker and retired customers were found to be only 9.7%. Remaining 5.3% were either unemployed or pursuing the education.

**Table:1 Demographic Profile of Respondents**

| Sr. No | Variables | Category | % | Response | Total |
|---|---|---|---|---|---|
| 1 | Age Group | 18-30 | 34.8% | 72 | 207 |
| | | 31-50 | 43% | 89 | |
| | | 51 years and above | 22.2% | 46 | |
| 2 | Education | Less than or 10th Standard | 7.8% | 16 | 206 |
| | | 12th Standard | 12.6% | 26 | |
| | | Diploma | 9.7% | 20 | |
| | | UG | 13.1% | 27 | |
| | | PG | 56.8% | 117 | |
| 3 | Occupation | Salaried | 61.2% | 126 | 206 |
| | | Self-employed/Business Owner | 14.1% | 29 | |
| | | Home maker | 9.7% | 20 | |
| | | Retired | 9.7% | 20 | |
| | | Unemployed/Other | 5.3% | 11 | |
| 4 | Annual family income | Below 2,50,000 | 18% | 37 | 205 |
| | | 2,50,000-5,00,000 | 39% | 80 | |
| | | 5,00,000-10,00,000 | 26.3% | 54 | |
| | | More than 10,00,000 | 16.6% | 34 | |

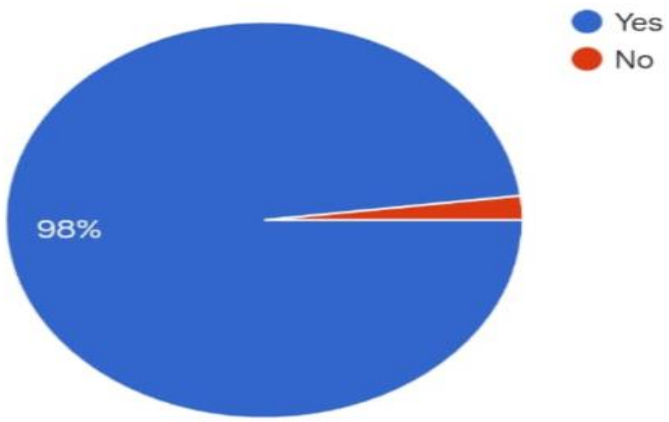
**Annual Family Income:** Out of total 207 respondents 205 responded for annual family income. Out of these responses 39% respondents fall in the annual income category of Rs. 2,50,000/- to Rs. 5,00,000/-, while 26.3% respondents were having annual family income between Rs. 5,00,000/- to Rs. 10,00,000/-. While comparing the low-income category and high-income category, it was found that 18% respondents were from lower income category having annual family income less then Rs. 2,50,000/- and 16.6% respondents were from high income category having annual family income more than Rs. 10,00,000.

## 5.2 Awareness Analysis

The awareness-related aspects of the study were analyzed to assess respondents' understanding of insurance, types and especially health insurance, and government-

sponsored health insurance schemes among respondents. The analysis also aimed to determine whether people perceive insurance primarily as a necessity or as an investment option.

**Fig.1: Awareness about Insurance**




The study indicates that out of 204 respondents,200respondents were aware about the concept of insurance, while only 2% were unaware. It indicates that majority of people
well understands the importance of insurance that might positively affect the buying decision of insurance policy.

**Fig.2: Awareness about the types of Insurance**

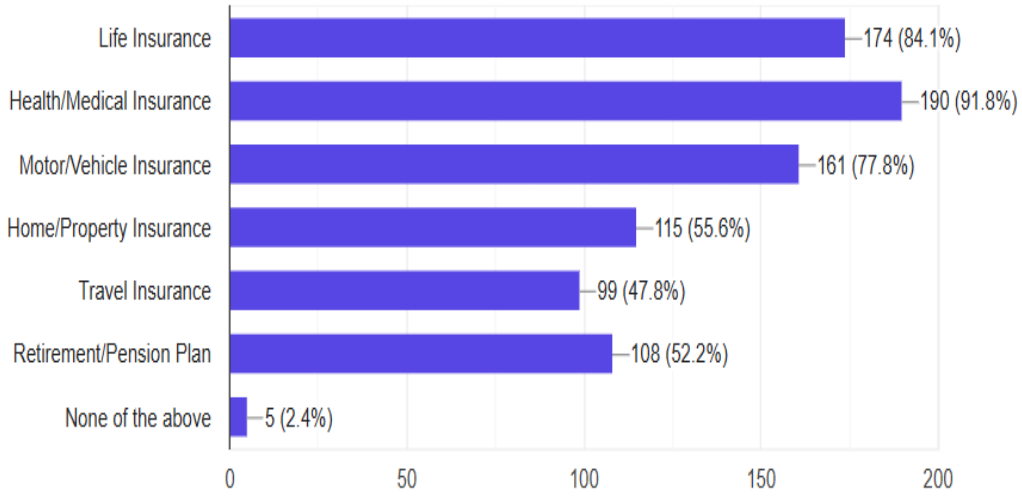
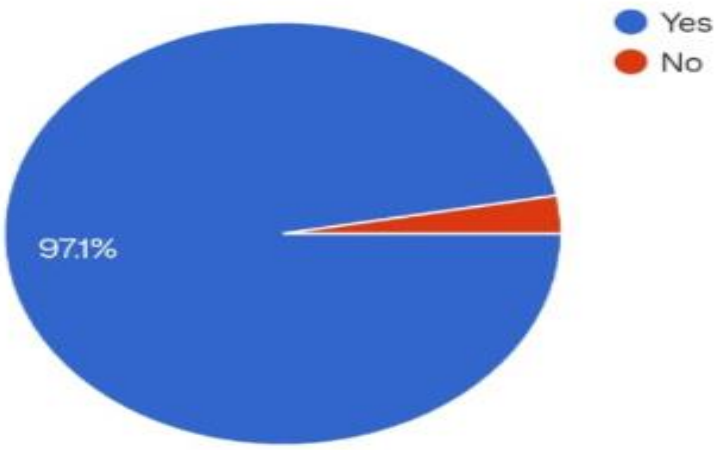



Figure 2 indicates that out of 207 responses,190 respondents were aware about health insurance.174 respondents were aware about the life insurance policy and 161 respondents knew about motor/vehicle insurance. There is a less awareness about

home/property insurance, travel insurance and retirement insurance among the respondents.

**Fig.3: Awareness about the concept of Health insurance**




The study observes that out of total 207 respondents,200 was aware about the concept of health insurance, while only 2.9% respondents were clueless about health insurance.

**Fig.4: Awareness of Government Health insurance Schemes**

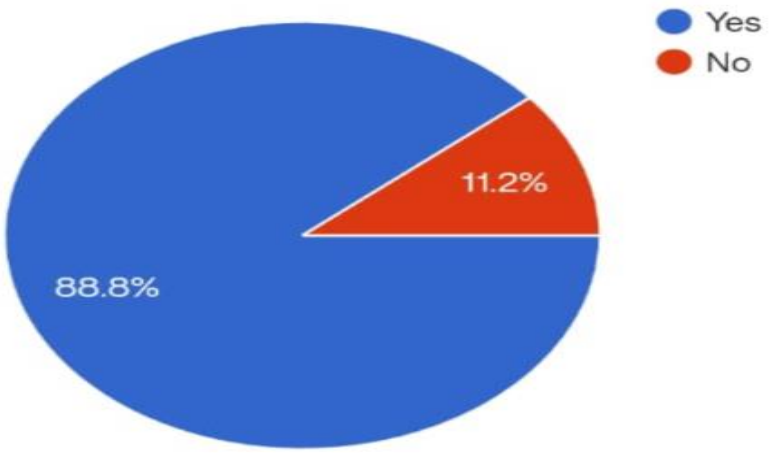



Figure 4 presents the awareness among respondents pertaining to government health insurance Schemes, it indicates that 183 out of total 206 respondents were aware about the government Schemes such as Ayushman Bharat, Central Government health Scheme, Pradhan Mantri Swasthya Bima Yojana, while 11.2% respondents lack awareness regarding these schemes.

**5.3 Mapping Health insurance coverage**

To understand the status of people covered under various health insurance schemes, the health insurance coverage has been mapped in the figure 5 & figure 6

**Fig. 5: Health insurance Coverage**

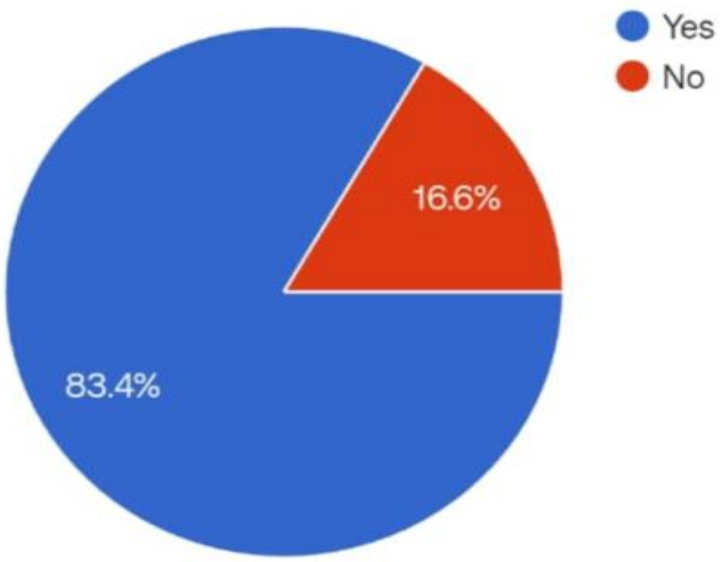
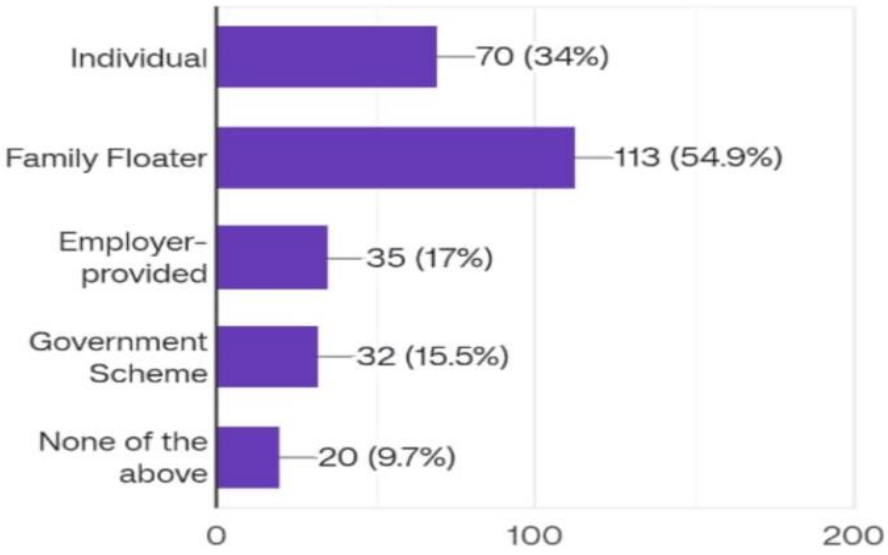



**Fig. 6: Ownership of type of Health insurance plan**




The above chart indicates that out of total 205 responses, 171 respondents have any one form of health insurance coverage while 16.6% respondents lack the same. The study shows that 113 (54.9%) individuals have family floater plan, 70 (34%)

individuals have been covered by individual plan and very less were covered under employer insurance and Government schemes out of total 206 responses.

**5.4 Perception and Behavioural Drivers**

An analysis pertaining to perception and behavioral drivers was carried out taking into consideration coverage of health insurance, ownership in terms of health insurance plan, source of information for Health insurance products and buying behaviour of health insurance policy. Responses from more than 200 respondents were taken into the consideration.

**Fig. 7: Insurance is more of necessity than Investment**

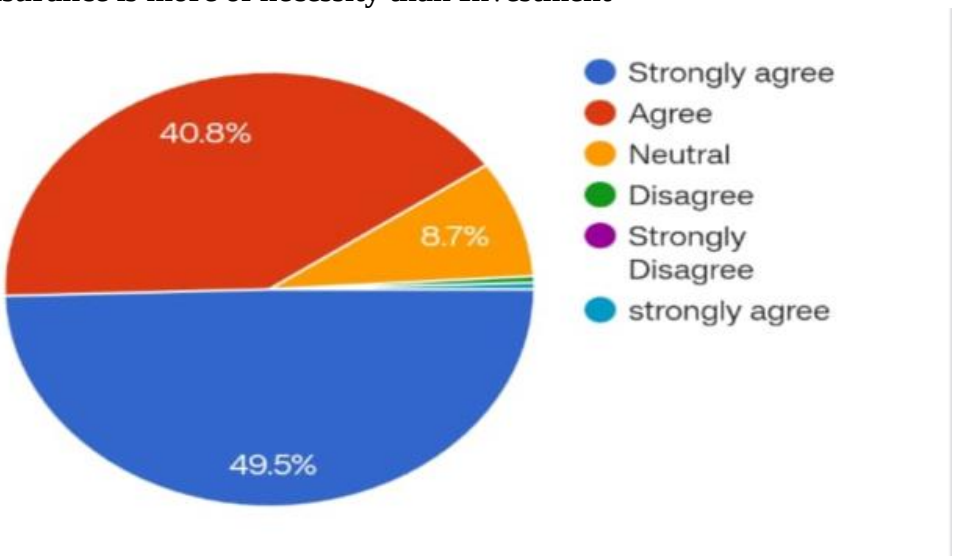
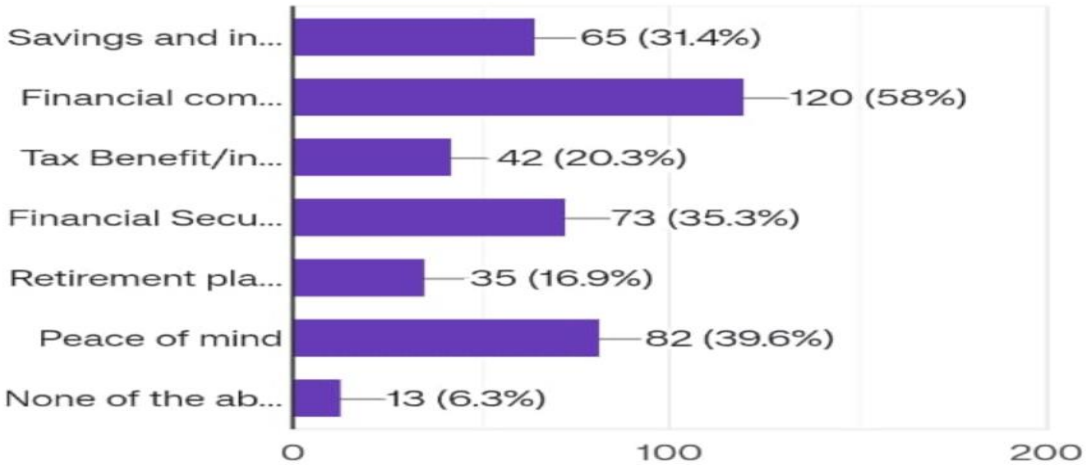



Figure 7 indicates people perception towards insurance. Is insurance a necessity or just an investment? Out of 206 responses, 49.5% (101 respondents) strongly believes that insurance is necessity than an investment for personal financial planning, while 8.7% (18 respondents) showed neutral attitude with regards to the insurance.

**Fig. 8: Reasons of purchasing Health insurance policy**



The survey was carried out to identify the main purpose of purchasing health insurance policy. Financial Compensation has been the main reason behind making the provision of health insurance suggested by 120 respondents out of 207 in total, while peace of mind was the subsequent reason given by the 82 respondents (39.6%). Lower responses were obtained for the reason of financial security, savings and investment, tax incentives and retirement planning.

**Fig. 9: Reasons for not purchasing Health insurance policy**

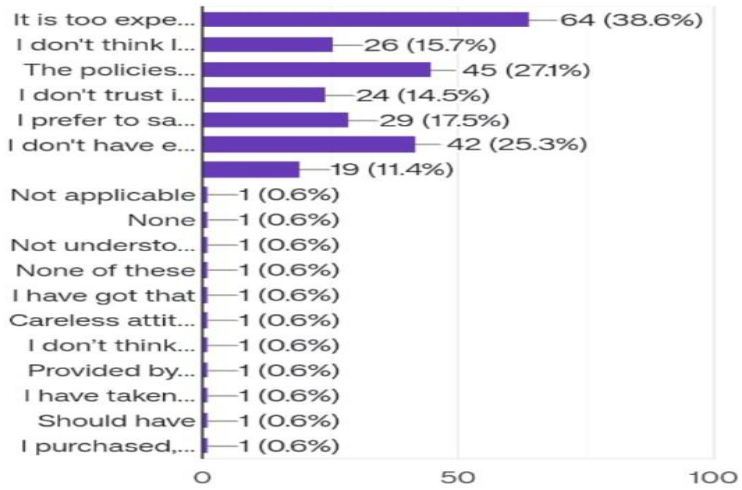



Fig. 9 indicates that 64 respondents opined that health insurance policy is too expensive, while 45 respondents mentioned that policy document were too complicated to understand. Few respondents have also opted for lack of knowledge, trust issues, low risk category and they prefer to save money.

**Fig. 10: Source of information for Health insurance products**

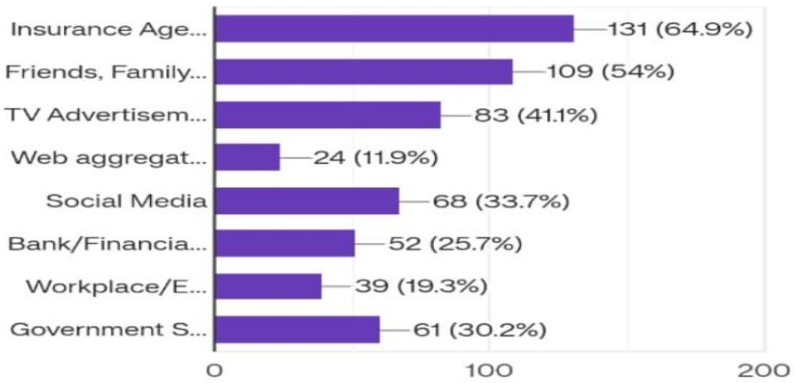



Fig.10 indicates the source of information for health insurance.Insurance agents/brokers have been the most widely used source of information, with the highest percentage 64.9% responded by 131 out of 207 respondents.109 respondents gave their opinion that friends, family, or colleagues play vital role for generating information for the same.TV advertisements/mass media were the third most cited reason given by 83 respondents. Other source of information including web

aggregators/recommendations, social media, bank/financial institution, workplace/employer, Government schemes/initiatives, were adopted much less frequency, all below 35%.

**5.5 Barriers and Gap Analysis**

Gap analysis was carried out to identify the barriers in adoption of health insurance. Claim settlement process and service quality were the two parameters mainly utilized in the study for deeper identification of barriers.

**Fig.11: Challenge/s in health insurance adoption**

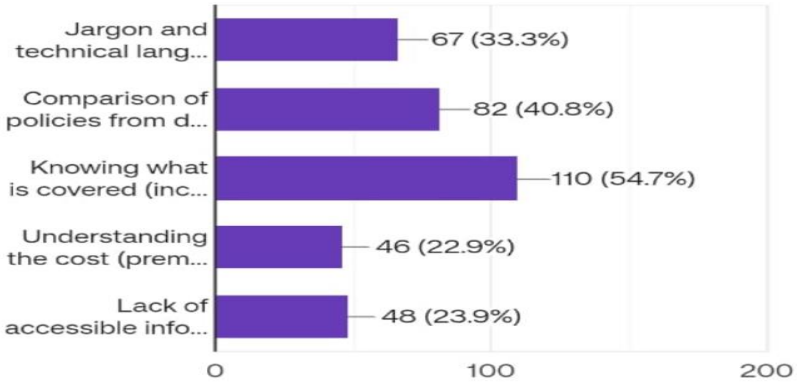



Figure 11 presents the challenges faced by the respondents in buying health insurance policy. The barriers such as technical language, lack of comparison of policy, understanding about the perils covered, cost of insurance and lack of accessibility were taken into the consideration.

200 respondents have given their responses for the same. It was observed that 54.7% of the respondents (110 out of 201) lacks the understanding on the coverage (inclusions) and (exclusions) in health insurance policy, while 40.8% of respondents were not in position to compare the policies offered by different health insurance providers. Jargon and technical language, understanding the cost (premium calculation), lack of accessible information were other barriers responded by less than 35% of respondents.

**Fig.12: Claim Process Mechanism**

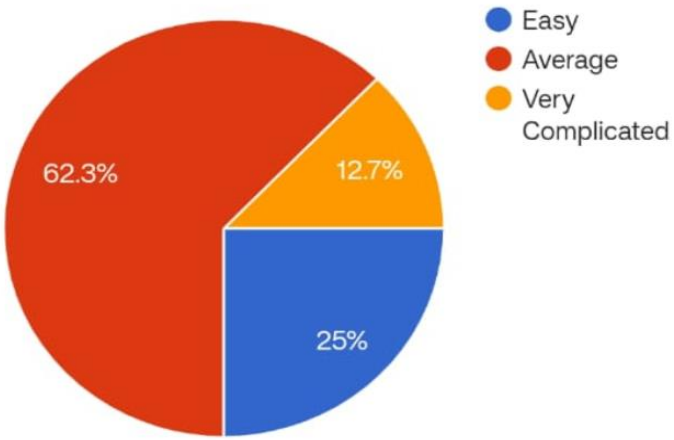


**Fig.13: Service Quality Offered by Health insurance companies**

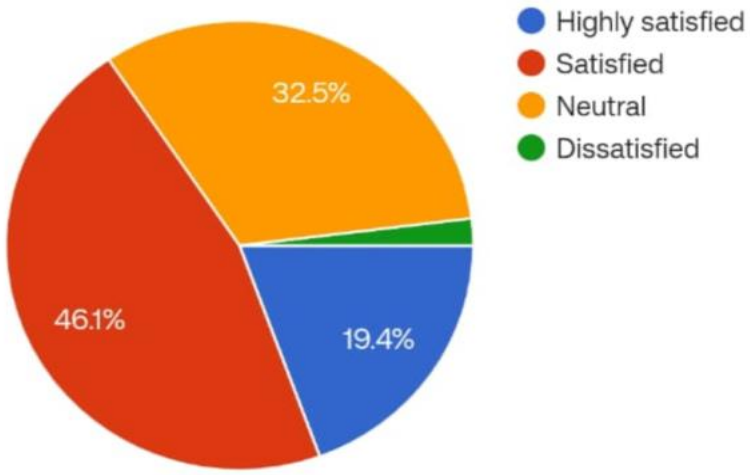



Fig.13 indicates that claim process was average responded by majority of 62.3% individuals (127 out of 204 responses), while 25% (51 out of 204 responses) believes that process is easy. The claim process is very much complicated indicated by the 12.7% (26 out of 204 responses) of the respondents.

In case of service quality, 46.1% and 19.4% of the respondents were satisfied and highly satisfied with the services offered. Only 2% were dissatisfied with the services provided by the health insurance companies. This indicates that majority of the respondents were satisfied with the services provided by the health insurance companies.

**6. Suggestions And Recommendations**

After a deep dive into the demographic profiling of Barodians, the study suggests few recommendations to insurers.

The health insurance companies need to simplify the claim management process and enroll smarter technology as majority of the respondent (75%) found either the claim process is average or very complicated. Insurer must replace their policy document with complete legal and technical jargon to laymen's language to bridge the gap as 33% of respondents identified jargon and technical language used in the policy document opting for a barrier in Health insurance policy.

Vadodara is a health-conscious City, health insurance companies should take benefit of this opportunity and launch lifestyle products such as health insurance plans that rewards the policy holder for staying active. Health insurance companies should also involve human digital marketing strategies. The most effective strategy for the Vadodara market is a 'Phygital', where insurance companies can combine the speed of a digital platform with a personal touch of local advisor. Health insurance companies need to offer affordable, tiered pricing products focusing towards middle income group people. Insurers need to design customer-first approach, so that common people don’t think insurance as an investment but rather understand it as a necessity for social security.

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