

Factors motivating online insurance buying behaviour of Millennials in India Quantitative Investigation

Dr. Anand Muley

Assistant Professor, Dept of Commerce, J. M. Patel Arts,
Commerce and Science College Bhandara. Maharashtra

Abstract

The Millennials in India are inclined toward online insurance due to the factors that align with their lifestyle that revolves around digital world. They prefer convenience as their primary motivator due to the reason online platforms provide 24/7 access, simplified processes, and time-saving options. They compare their policies, product purchase, and renewal. Transparency in online platforms is valued by Millennials as they provide them clear information on policy terms, upfront pricing, and customer reviews, which helps them to build trust and take informed decision-making. Millennials seek customization for personalized plans that cater to their unique needs and life goals and supports flexible add-ons and adjustable premiums. Online insurance buying reduces agent commissions and competitive pricing and help to achieve cost-effectiveness. Trust in technology enhances the preference of online buying as its secure transactions. Online insurance buying is seamless and reliable experience due to AI-driven assistance, and tech-enabled claim processes. These factors collectively address the demand of Millennials and offers efficient, flexible, and controlled insurance journey. A sample of 201 young individual were surveyed to explore the factors that motivates online insurance buying behaviour of Millennials in India and found that Convenience, Transparency, Customization and Trust in Technology are the factors that motivates online insurance buying behaviour of Millennials.

Keywords: Motivation, Online insurance, Buying behaviour, Convenience, Millennials

Introduction

The financial sector in India is robust, diverse, and demonstrates adaptability and competence while aligning with the nation's economic goals of building a market-driven, efficient, and sustainable economy. The advent of financial technology and the expansion of outsourcing services in insurance have created a highly competitive environment that significantly influences consumer behavior. There is a significant and positive impact of technology on

consumer's willingness in order to secure their future (Nagy et al., 2019). The young generation prefers digital platforms that helps to improve their lifestyle and offers them convenience and trust. There is a potential correlation between the increased use of online technology for financial transactions and a greater inclination among customers to adopt such technologies for purchasing life insurance policies. Digital platforms are incorporated in day-to-day life of millennials for shopping, business, investments, education and many more. It is important for insurance sector to understand the attitude of young generation, their ultimate customer, towards technology. This will help them to enhance satisfaction levels through online insurance platforms. In last few years, India's online service sector that includes travel, retail, banking, and education have gained a prominent position. Among these, online banking became the most popular sector among young population of India that prefers to use online banking in place of physical bank services. A substantial growth is also seen in business sector that includes selling products and providing services which is rising with rise in digitalization. In the study of Stanley (2013) it is found that Millennials prefer purchasing life insurance through workplace offerings rather than direct approaches or bank channels. Fixed deposits and mutual fund investments are the most popular options for online transactions among the millennial investors of investment sector. Money transfers and bill payments are all done through net banking and online platforms are preferred for insurance and policies to save the future. Quality orientation, online trust, purchase experiences, and impulse purchase tendencies are the factors that positively and significantly influence the intention of online purchase of the young generation (Isa et al., 2020). Clients and customers are giving positive response and good feedback to the life insurance companies when it comes to purchasing process of insurance policies through online platforms. In the initial days, the primary use of internet is to search the product, post-sale services like policy renewals, and premium payments. But now, consumers are now using online platforms to purchase various insurance policies and this shift is gained by the factors like greater transparency, convenience, and cost savings. Naidu and Paramasivan (2015) evident in their study that there is significant contribution of rise of online insurance on growth of the insurance sector in India. There are many industries along with insurance industry are forced to go for online practices during COVID-19 pandemic. The ultimate authority and responsibility to shape the business outcome is of the customers that encourage the marketers to emphasize on importance of designing effective marketing strategies. It is important to know the in-depth understanding of customer habits, attitudes, motivations, and needs and also examine consumer's behaviour to get the insight of when, why, how, and where individuals make purchasing decisions, is pivotal for success in this domain.

Online platforms are utilized by all the insurance companies to develop the applications and provide direct links to their websites, enabling customers to easily purchase insurance policies. Perceived ease of use and usefulness are enhanced by designing user-friendly interfaces and advanced features in digital platforms related to insurance, investment and policies which in turn significantly influence the intention to purchase insurance, ultimately leading to online purchase decisions (Fitri and Wulandari, 2020). The customer experience may easily improve with enhance in trust in client's security. Personal informed must be secured with the company and there must an opportunity to interact with professional employees during the purchase of insurance policies. The consumer attitude is positively affected by perceived hedonic and utilitarian benefits of online insurance products Ettis and Haddad (2019) and this leads to enhanced behavioral intention to use such services. "Perceived ease of use, subjective norms, perceived behavioral control, and attitude toward online insurance adoption" are the factors that have a substantial and positive impact. Along with all these factors, trust is also one of the most vital factors that motivates and shape the online purchase intention of the customers. It is influenced by elements such as the company's reputation, system quality, collaboration, financial risks, and associated benefits.

Literature Review

Ezhilarasi and Kumar (2016) revealed that online insurance serves as a healthy and trustworthy channel for economic development which has significant potential to become a primary medium for insurance transactions. There are some main factors that influence customers to for online insurance product buying. It is found that as per the customers, "online insurance saves time, ensures quick policy issuance, and provides safety and security". Additionally, they expressed high levels of satisfaction with the online insurance products offered by insurers in India.

Maheshwari and Chandrasekaran (2015) observed that evolving market dynamics and the growth of online insurance channels shows positive impact on purchase of insurance products through online platforms. "System quality and information quality" of insurance websites positively influence "perceived ease of use" and "perceived usefulness". "Trust in the insurance company and agents, policy features, excellent claims, company schemes, corporate image, premiums charged, advertisements, and flexibility" are some of the key considerations of the policy holders of insurance companies.

Parihar and Rahul (2019) identified the key factors influencing customers in selecting insurance companies. Based on their ranking, the most important factors include

computerization and online transactions, seamless connectivity with banks, speed and efficiency in transactions, and clear communication. On the other hand, the least influential factors are marketing campaigns, free gifts for customers, and peer group impressions.

Banga and Mayuresh (2015) examined customer perspectives on the digitalization of the insurance sector, highlighting the impact and significance of e-insurance on consumer behavior. Their study revealed that well-educated and tech-savvy customers tend to compare various insurance policies available online before making purchasing decisions. This trend underscores the growing importance of accessible and user-friendly digital platforms in the insurance industry.

Mathur and Tripathi (2014) found that “computerization and online transactions, connectivity with banks, speed and efficiency in transactions, and clear communication” are the key factors that influence the customer’s behaviour and attitude while selecting the insurance products from any particular insurance company. These are the vital factors that are considered while going for online insurance buying process.

Objective

To explore the factors that motivates online insurance buying behaviour of Millennials in India.

Methodology

A sample of 201 young individual were surveyed to explore the factors that motivates online insurance buying behaviour of Millennials in India. This study is based on a survey conducted using a structured questionnaire specifically designed for this research. The primary data was collected using a “random sampling method,” and “Factor Analysis” was employed to derive the results.

Findings

The table below presents the general details of the respondents where male contributes 64.2% to total study survey population and rest 34.8% are female. 45.8% are below 28 years of age and the remaining 54.2% are above 28 years of age. 25.9% are graduate and below and 74.1% are post graduate and above. 28.4% are in service sector, 24.4% in business, 34.3% are self-employed and rest 12.9% are in other occupational sectors.

“Table 1 Demographic details”

“Variable”	“Respondents”	“Percentage”
Gender		
Male	129	64.2
Female	72	35.8
Total	201	100
Age		
Below 28 yrs	92	45.8
Above 28 yrs	109	54.2
Total	201	100
Education		
Graduate and below	52	25.9
Post graduate and above	149	74.1
Total	202	100
Occupation		
Service	57	28.4
Business	49	24.4
Self-employed	69	34.3
Others	26	12.9
Total	201	100

“Table 2 KMO and Bartlett's Test”

“Kaiser-Meyer-Olkin Measure of Sampling Adequacy”		.835
“Bartlett's Test of Sphericity”	“Approx. Chi-Square”	2817.534
	“df”	91
	“Sig.”	.000

KMO value in table 2 is 0.835 and the “Barlett’s Test of Sphericity” is significant.

“Table 3 Total Variance Explained”

“Component”	“Initial Eigen values”			“Rotation Sums of Squared Loadings”		
	“Total”	“% of Variance”	“Cumulative %”	“Total”	“% of Variance”	“Cumulative %”
1	6.799	48.564	48.564	3.443	24.592	24.592
2	2.236	15.968	64.533	3.361	24.008	48.600
3	1.620	11.573	76.106	2.620	18.718	67.317
4	1.319	9.420	85.526	2.549	18.209	85.526
5	.523	3.738	89.264			
6	.328	2.340	91.605			
7	.286	2.042	93.647			
8	.229	1.635	95.282			
9	.174	1.244	96.525			
10	.121	.863	97.388			
11	.104	.744	98.132			
12	.101	.725	98.857			
13	.089	.639	99.496			
14	.071	.504	100.000			

“Principal component analysis” shows 14 variables from 4 Factors. The factors explained the variance of 24.592%, 24.008%, 18.718% and 18.209% respectively. The total variance explained is 85.526%.

“Table 4 Rotated Component Matrix”

“S. No.”	“Statements”	“Factor Loading”	“Factor Reliability”
	Convenience		.944
1	It is easy access to compare policies online	.897	
2	Online insurance allows to browse and purchase anytime, anywhere	.883	
3	Online insurance has user-friendly interfaces and instant policy issues	.869	
4	It provides automated reminders and renewals	.864	
	Transparency		.934

5	Online insurance gives clear descriptions of policy terms, coverage, and exclusions	.888	
6	There is cost clarity in terms of premium breakdowns and charges	.861	
7	There are no hidden fees in online insurance	.860	
8	Allows access to ratings and feedback from other buyers	.846	
	Customization		.920
9	Online insurance offers personalized plans based on lifestyle and needs	.904	
10	Provides flexible add-ons for critical illness or accident cover	.889	
11	Allows real-time adjustments for instant modifications	.882	
	Trust in Technology		.913
12	Online insurance offers secure transactions	.877	
13	Provides trusted AI-Driven Assistance like Chatbots and virtual advisors	.851	
14	Technology allows easy and trusted policy verification	.836	

Table 4 shows factors that motivates online insurance buying behaviour of Millennials where factor “Convenience” includes the variables like it is easy access to compare policies online, Online insurance allows to browse and purchase anytime, anywhere, Online insurance has user-friendly interfaces and instant policy issues and it provides automated reminders and renewals. Factor “Transparency” includes the variables like Online insurance gives clear descriptions of policy terms, coverage, and exclusions, there is cost clarity in terms of premium breakdowns and charges, there are no hidden fees in online insurance and allows access to ratings and feedback from other buyers. Factor “Customization” includes the variables like online insurance offers personalized plans based on lifestyle and needs, provides flexible add-ons for critical illness or accident cover, allows real-time adjustments for instant modifications. Factor “Trust in Technology” includes the variables like Online insurance offers secure transactions, provides trusted AI-Driven Assistance like Chatbots and virtual advisors and Technology allows easy and trusted policy verification.

“Table 5 Reliability Statistics”

“Cronbach's Alpha”	“N of Items”
.916	14

The value of “Cronbach’s Alpha” should be more than 0.07. Total reliability is 0.916 for 4 constructs including fourteen, hence it is sufficient.

Conclusion

Convenience, transparency, customization, cost-effectiveness, and trust in technology outlines the online insurance buying behaviour of young generation in India. Millennials prefer online platforms as they offer 24/7 accessibility, efficient processes, and the ability to quickly compare and purchase policies. Transparency is one of the most motivating factors to buy online insurance as it provides clear information, honest pricing, and customer reviews builds trust and confidence in their decisions. It is also seen that millennials seek flexibility and personalization in online insurance buying process that offers customizable plans and add-ons tailored to individual needs. Along with transparency and flexibility, affordability of online policies also motivates young generation which at last reduces agent commissions. Millennials found these digital platforms secure and tech-driven which in turn encourage them to go for online insurance buying. Advanced tools such as AI-powered assistance and seamless claim processes further enhance the overall experience, aligning with Millennials' preference for efficient and reliable services. These factors collectively address the modern lifestyle and expectations of this generation, making online insurance a practical choice. Insurers targeting this demographic must continue leveraging digital innovation, transparent communication, and personalized solutions to remain competitive and foster long-term customer loyalty. For insurers, understanding and leveraging these motivations through digital innovation and customer-centric strategies is essential to capturing and retaining this dynamic and influential market segment. This study highlights the evolving preferences of Millennials and provides actionable insights for optimizing online insurance offerings.

The study aims to explore the factors that motivates online insurance buying behaviour of Millennials in India and found that Convenience, Transparency, Customization and Trust in Technology are the factors that motivates online insurance buying behaviour of Millennials.

References

1. Banga, C. K. and Mayuresh, S. (2015). A Study on Customer's opinion About Digitalisation of Insurance Sector, *Global Journal of Research Analysis*, 4(12), 40-142.
2. Ettis, S. A., & Haddad, M. M (2019). Utilitarian and hedonic customer benefits of e-insurance: A look at the role of gender differences. *International Journal of E-Business Research*, 15(1), 109-126.
3. Ezhilarasi, A., Kumar, G. V. (2016). A Study on Customer Perception towards the Online Insurance Products in Chennai City, *SUMEDHA Journal of Management*, 5(1), 81-89.
4. Fitri, R., and Wulandari, R. (2020). Online Purchase Intention Factors in Indonesian Millennial. *International Review of Management and Marketing*, 10(3), 122-127.
5. Isa, N. F., Annuar, S. N. S., Gisip, I. A., & Lajuni, N. (2020). Factors influencing online purchase intention of millennials and gen Z consumers. *Journal of Applied Structural Equation Modeling*, 4(2), 21–43. [https://doi.org/10.47263/jasem.4\(2\)03](https://doi.org/10.47263/jasem.4(2)03)
6. Maheswari, V. U. and Chandrasekaran, U. (2013) E-commerce adoption by insurance companies in India, *International journal of management research and review*, 3(8), 3300-3308.
7. Mathur, D., Tripathi, A. (2014). Factors Influencing Customer's Choice for Insurance Companies: A Study of Ajmer City, *IOSR Journal of Business and Management*, 16(2), 35-43.
8. Nagy, B. Z., Alt, M. A., Benedek, B., & Săplăcan, Z. (2019). How do loss aversion and technology acceptance affect life insurance demand? *Applied Economics Letters*, 27(12), 977–981. <https://doi.org/10.1080/13504851.2019.1650882>
9. Naidu, C. K. and Paramasivan, C. (2015). Emergence and growth of online life insurance in India, *International Journal of Management and Social Science Research Review*, 1, 38-40.
10. Parihar, D. S. and Rahul, M. (2019). A study of Factors Influencing customer buying behaviour towards Insurance companies, 5(5), IJARIE-ISSN(O)-2395-4396, 747-757.
11. Sodiq, B. O. (2020). Factors influencing the buying behaviour of millennials towards insurance products in the Nigerian insurance market. *Journal of Economics and Management Research*, 9, 86–101. <https://doi.org/10.22364/jemr.9.06>
12. Stanley, M.K. (2013): Why millennials matter. National Underwriter / Life & Health Financial Services, 117(8), pp. 36-40.

