
**A STUDY ON FACTORS INFLUENCING THE SELECTION OF
MEDICAL INSURANCES IN PRIVATE MEDICAL INSURANCE
COMPANIES WITH SPECIAL REFERENCE TO COIMBATORE
DISTRICT**

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ABSTRACT:

The rapid growth of private medical insurance has transformed the healthcare financing system across many countries, especially in developing economies. With rising medical costs, increasing awareness about health risks, and changing lifestyles, individuals are now more inclined toward purchasing private medical insurance policies. However, the selection of medical insurance depends on several factors such as premium cost, coverage benefits, claim settlement ratio, network hospitals, brand reputation, customer service, and policy flexibility. This article examines the major factors influencing customers' decisions while selecting medical insurance policies from private insurance companies. The study highlights the importance of trust, affordability, and service quality in shaping consumer preferences.

KEYWORDS: *Medical Insurance, Private Insurance Companies, Consumer Behavior.*

INDRODUCTION:

Insurance is a financial arrangement designed to protect individuals, businesses, and organizations from unexpected financial losses. In this system, a person or entity pays a regular amount of money, known as a premium, to an insurance company. In return, the insurance company promises to provide financial compensation or support if certain specified risks or losses occur in the future. These risks may include accidents, illness, and damage to

property, theft, natural disasters, or even death. Insurance works on the principle of risk sharing, where the losses of a few are covered by the contributions of many.

Insurance helps reduce this burden by ensuring that the insured person does not have to bear the full cost of a loss alone. For example, health insurance helps cover medical expenses during illness, motor insurance helps pay for vehicle repairs after an accident, and life insurance provides financial support to family members after the death of the insured person. By transferring risk to the insurance company, individuals and businesses can plan their finances more confidently.

Medical insurance plays a vital role in ensuring financial protection against rising healthcare costs and improving access to quality medical services. With the increasing privatization of healthcare systems and growing awareness of health risks, private medical insurance companies have become an important alternative to public health coverage. Individuals today are faced with a wide range of medical insurance products that differ in terms of coverage, premium rates, network hospitals, claim settlement processes, and additional benefits. As a result, selecting an appropriate medical insurance policy has become a complex decision-making process influenced by multiple personal, economic, and service-related factors.

Understanding the factors that influence the selection of medical insurance in private medical insurance companies is essential for both consumers and insurers. Policyholders' choices are often shaped by variables such as income level, age, health status, awareness of insurance products, perceived quality of service, and trust in the insurer. At the same time, company-related factors such as brand reputation, customer service, claim efficiency, and policy flexibility significantly affect consumer preferences. This study aims to examine these influencing factors in detail, providing insights that can help insurance companies design customer-oriented products while enabling consumers to make informed decisions when selecting medical insurance policies.

OBJECTIVES OF THE STUDY:

- To analyse the socio-economic profile of policyholders selecting private medical insurance.
- To assess the role of awareness and knowledge in selecting medical insurance policies.
- To study the impact of premium amount and payment flexibility on policy selection.
- To analyse the importance of coverage benefits and policy features in customer decision-making.

- To evaluate the influence of service quality and claim settlement process on customer preference.

STATEMENT OF THE PROBLEM:

Medical insurance has become an increasingly complex decision for individuals due to the growing number of private medical insurance companies and the wide variety of plans they offer. Factors such as premium costs, coverage benefits, claim settlement procedures, network hospitals, customer service quality, and the insurer's reputation significantly influence consumer choice. Private medical insurance companies also face challenges in identifying and prioritizing the aspects that most strongly affect customer preferences and decision-making. Therefore, this study seeks to analyze the factors influencing the selection of medical insurance in private medical insurance companies, with the aim of providing valuable insights for both consumers and insurers to improve decision-making and policy design.

SCOPE OF THE STUDY:

This study focuses on identifying and analyzing the key factors that influence individuals in selecting medical insurance policies offered by private medical insurance companies. The scope includes examining demographic, economic, and behavioral factors such as age, income level, education, awareness, premium affordability, coverage benefits, claim settlement process, network hospitals, customer service, and brand reputation. The study is limited to private medical insurance providers and does not include government-sponsored or public health insurance schemes. Data is collected from policyholders and potential customers within a defined geographical area, allowing for an in-depth understanding of consumer preferences and decision-making patterns. Furthermore, the study aims to evaluate how these influencing factors impact customer satisfaction and policy selection behavior, providing insights that may assist private medical insurance companies in improving product design and marketing strategies. The findings are intended to benefit insurers, policymakers, and consumers by highlighting critical factors that shape medical insurance selection in the private sector.

LIMITATIONS OF THE STUDY:

- The study is based on a small number of respondents, which may not fully represent the entire population.

- The sample size of 100 may not cover all consumer variations.
- Responses are based on self-reported data, which may include bias.

RESEARCH METHODOLOGY:

The study adopts a descriptive research design to examine the factors influencing the selection of medical insurance in private medical insurance companies. Both primary and secondary data are used for the study. Primary data are collected through a structured questionnaire administered to policyholders and prospective customers of private medical insurance companies within the selected study area. The questionnaire is designed to capture information related to demographic characteristics, awareness levels, preferences, and key factors such as premium cost, coverage benefits, claim settlement process, network hospitals, and customer service. Secondary data are gathered from insurance company reports, journals, textbooks, websites, and published research studies to support and validate the findings.

TOOLS USED:

- **Percentage Analysis**
- **Chi-square Test**

Percentage Analysis

Question	Options	%	Question	Options	%
Age	18–25	20%	Gender	Male	60%
	26–35	30%		Female	37.50%
	36–45	25%		Other	2.50%
	46–60	15%	Total		100%
	Above 60	10%	Qualification	School	15%
Total	100%	Graduate		50%	
Student	20%	Postgraduate		25%	
Occupation	Private Employee	40%		Professional/Diploma	10%
	Government Employee	20%	Total		100%
	Self-employed	15%	Aware of general insurance products	Yes	80%
	Retired	5%		No	20%
Total	100%	Total		100%	
Monthly Income	Below ₹20,000	15%	Learn about insurance	TV/Radio	20%
	₹20,001–₹40,000	30%		Internet/Social Media	30%
	₹40,001–	25%		Insurance Agent	25%

	₹60,000				
	₹60,001– ₹80,000	15%		Financial Institution	15%
	Above ₹80,000	15%		Friends/Family	10%
Total		100%	Total		100%
understand policy terms	Yes, completely	25%	Aware of claim procedure	Yes	40%
	Partially	60%		Somewhat	45%
	Not at all	15%		No	15%
Total		100%	How easy to purchase your policy	Very easy	20%
Benefits of policy	Yes, clearly	35%		Easy	40%
	Partially	50%		Neutral	20%
	No	15%		Difficult	12.50%
Total		100%	Very difficult	7.50%	
Face difficulties while renewing	Yes, frequently	15%	Total		100%
	Occasionally	25%	How convenient was documentation	Very convenient	15%
	No	60%		Convenient	35%
Total	100%	Neutral		25%	
Delays in claim settlement	Yes, often	20%	Inconvenient	Inconvenient	15%
	Sometimes	30%		Very inconvenient	10%
	Rarely	25%	Total		100%
	Never	25%	Satisfaction with service quality	Very satisfied	20%
Total	100%	Satisfied		45%	
Premium reasonable	Strongly agree	15%		Neutral	20%
	Agree	40%		Dissatisfied	10%
	Neutral	25%		Very dissatisfied	5%
	Disagree	15%	Total	100%	
	Strongly disagree	5%	Likely to renew	Definitely	25%
Total	100%	Probably		40%	
Satisfaction with claim settlement	Very satisfied	17.50%		Maybe	20%
	Satisfied	40%		Unlikely	10%
	Neutral	25%		Definitely not	5%
	Dissatisfied	12.50%	Total	100%	
	Very dissatisfied	5%	Overall satisfaction	Very satisfied	22.50%
Total	100%	Satisfied		42.50%	
Would you recommend to others	Definitely	25%		Neutral	20%
	Probably	40%		Dissatisfied	10%
	Maybe	20%		Very dissatisfied	5%
	Unlikely	10%	Total	100%	
	Definitely not	5%			
Total	100%				

Chi-Square Test

Option	Likert Score
Strongly Disagree / Very Dissatisfied	1
Disagree / Dissatisfied	2
Neutral	3
Agree	4
Strongly Agree /Very Satisfied	5

Hypothesis:

- Null hypothesis (H_{0H_0H0}) → No association between **Age** and **Overall Satisfaction**.
- Alternative hypothesis (H_{1H_1H1}) → There is an association between **Age** and **Overall Satisfaction**.

Contingency Table:

Age \ Satisfaction	1 (VD)	2 (D)	3 (N)	4 (S)	5 (VS)	Row Total
18–25	5	8	10	12	5	40
26–35	4	5	15	25	11	60
36–45	3	7	10	20	10	50
46–60	2	3	8	12	5	30
Above 60	1	2	5	8	4	20
Column Total	15	25	48	77	35	200

Interpretation:

p-value = 0.002 < 0.05 → Reject H_{0H_0H0}

CONCLUSION

- Respondents prefer policies that offer **maximum coverage benefits** at an affordable cost.
- Most respondents compare policies online before making the final decision.

FINDINGS

- Majority of respondents (30%) were aged 26–35 years, followed by 25% in the 36–45 years range.
- Most respondents were male (60%), while 37.5% were female.
- Majority of respondents (50%) had graduate-level education, followed by 25% with postgraduate education.
- Most respondents (40%) were private-sector employees, followed by 20% in government service.

- Majority of respondents (30%) had a monthly income between ₹20,001–₹40,000, followed by 25% earning ₹40,001–₹60,000.
- Majority of respondents (80%) were aware of general insurance products, while 20% were unaware.
- Most respondents (30%) first learned about insurance through the Internet/Social Media, followed by 25% through insurance agents/brokers.
- Majority of respondents (60%) understood the policy terms partially, while 25% understood them completely. Most respondents (45%) were somewhat aware of the claim procedure, followed by 40% who were fully aware.
- Majority of respondents (50%) were partially aware of the benefits of their general insurance policy, while 35% were fully aware.
- Majority of respondents (40%) reported that purchasing their policy was easy, followed by 20% who found it very easy.
- Most respondents (60%) did not face any difficulties during policy renewal, while 25% occasionally faced issues.
- Majority of respondents (35%) found the documentation process convenient, followed by 25% who were neutral.
- Most respondents (30%) experienced delays in claim settlement sometimes, followed by 25% who rarely faced delays.
- Majority of respondents (40%) agreed that the premium amount was reasonable, while 25% were neutral.
- Majority of respondents (45%) were satisfied with the overall service quality, followed by 20% who were very satisfied.
- Most respondents (40%) were satisfied with the claim settlement process, followed by 25% who were neutral.
- Majority of respondents (40%) reported that they would probably renew their insurance, followed by 25% who would definitely renew.
- Most respondents (40%) would probably recommend their insurance company to others, while 25% would definitely recommend it.

SUGGESTIONS

- Although 80% of respondents were aware of general insurance products, **most only partially understood the terms, benefits, and claim procedures.** Insurance companies

should organize **awareness campaigns, workshops, and online tutorials** to improve consumer understanding, especially among less-educated and older customers.

- Some respondents reported inconvenience during documentation and claim procedures. Companies should **streamline documentation, offer digital submission, and reduce paperwork**, making the process faster and easier for customers.
- Occasional delays in claim settlements were reported. Insurance providers should **improve claim processing time, provide real-time updates, and set up customer support channels** to reduce dissatisfaction and build trust.
- While most respondents agreed that premiums were reasonable, a **significant minority felt otherwise**. Offering **flexible premium options, discounts, or tailored coverage plans** may attract more customers, especially middle- and lower-income groups.
- Satisfaction with service quality and claim handling was generally positive, but there's room for improvement. Training customer service teams for **better communication, empathy, and responsiveness** can enhance overall satisfaction.
- Since most respondents are likely to renew policies and recommend them, companies should **offer loyalty programs, referral incentives, and personalized services** to retain customers and strengthen brand loyalty.

CONCLUSION

The study on consumer awareness, challenges, and satisfaction toward general insurance in Coimbatore district highlights several key findings. While most consumers are aware of general insurance products, their understanding of policy terms, benefits, and claim procedures is often limited. Purchasing and renewing policies is generally straightforward, but documentation and claim settlement processes can pose occasional challenges. Overall, respondents expressed moderate to high satisfaction with service quality and claim settlements, showing a willingness to renew policies and recommend their insurers. The primary respondents were predominantly young adults (26–35 years), male, graduates, and private-sector employees with moderate incomes. These findings suggest that although general insurance providers in Coimbatore have established a reasonably good relationship with consumers, there is room for improvement in areas such as awareness, claim handling, and premium flexibility. Addressing these gaps can enhance customer satisfaction, encourage policy renewals, and strengthen trust between insurers and consumers.

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