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#### OPEN ACCESS

SUBMITTED 22 February 2025

ACCEPTED 20 April 2025

PUBLISHED 01 May 2025

VOLUME Vol.07 Issue 05 2025

#### CITATION

Prof. Ravi P. Kapoor, & Manish R. Gupta. (2025). Understanding Consumer Preferences and Satisfaction in the Indian Motor Insurance Market. The American Journal of Management and Economics Innovations, 7(05), 1–8. Retrieved from <https://www.theamericanjournals.com/index.php/tajmei/article/view/6104>

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# Understanding Consumer Preferences and Satisfaction in the Indian Motor Insurance Market

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**Abstract:** This study examines consumer buying behavior and satisfaction with motor insurance policies in the Indian general insurance sector. Through a structured survey of 500 motor insurance customers, we investigate factors influencing purchase decisions and post-purchase satisfaction. The findings reveal that price, brand reputation, and coverage options are significant determinants of consumer choice, while customer service, claim settlement process, and ease of renewal are critical for satisfaction. The study contributes valuable insights for insurance providers seeking to enhance customer retention and satisfaction.

**Keywords:** Consumer Preferences, Satisfaction, Indian motors, Insurance Market and customer retention.

**Introduction:** The insurance industry in India has seen substantial growth over the past few decades, driven by increasing awareness, a growing economy, and a rising number of vehicles on the road. The motor insurance sector, which is a crucial component of general insurance, has attracted significant attention due to its wide consumer base. However, despite growth in policy penetration, understanding the consumer buying behaviour and satisfaction towards motor insurance policies remains limited.

Consumers make their purchasing decisions based on various factors such as price, policy features, company reputation, and the convenience of the purchase process. Additionally, post-purchase satisfaction, especially related to claim settlement processes and

customer service, plays a crucial role in retaining clients and fostering loyalty.

This study aims to explore the factors that influence the buying decisions of consumers and their levels of satisfaction with motor insurance policies. The findings will provide valuable insights for policymakers and insurance providers to improve their offerings and better cater to the needs of Indian consumers.

The Indian general insurance industry has witnessed a rapid expansion in recent years, driven by an increase in the number of vehicles, rising disposable incomes, and greater awareness about insurance products. Among the various types of insurance offered by general insurers in India, motor insurance holds a significant share of the market. As of 2020, motor insurance accounted for over 35% of the total general insurance premium income in the country (IRDAI, 2020). This makes motor insurance not only a critical component of the Indian insurance industry but also an essential product for consumers in an economy where vehicle ownership has become a symbol of personal progress and social status.

Motor insurance policies in India are primarily divided into two categories:

1. **Comprehensive insurance** - which covers both damage to the vehicle as well as third-party liability.
2. **Third-party liability insurance** - which provides protection against damages caused to a third party, including bodily injuries and property damage, but does not cover damage to the insured vehicle.

While motor insurance has become mandatory under Indian law for vehicle owners, the decision-making process for consumers remains a complex one. Consumers weigh various factors such as the price of premiums, the reputation of the insurer, the coverage offered, and additional services provided by the insurance company when purchasing motor insurance policies. Moreover, as insurance products are intangible, understanding how these factors influence buying decisions is crucial for both customers and providers in this highly competitive market.

On the other hand, post-purchase satisfaction plays a pivotal role in determining the customer's long-term relationship with the insurer. While purchasing decisions are based on pre-sale factors, post-purchase satisfaction is influenced by the claims process, customer service quality, ease of policy renewal, and the overall perceived value of the policy. Insurers who can enhance customer satisfaction by streamlining these post-purchase experiences are more likely to foster loyalty, leading to renewals and word-of-mouth recommendations, both of which are critical in the

insurance sector.

### Significance of the Study

In India, while the motor insurance industry is expanding, a gap exists in understanding the factors influencing consumer behaviour and the drivers of satisfaction towards motor insurance products. Unlike many consumer goods, insurance is an intangible product that requires consumers to rely on their perceptions of value, trust, and brand reputation. Despite the growing body of literature on consumer behaviour in insurance markets, research focusing specifically on consumer preferences and satisfaction in the Indian motor insurance market remains limited.

This research is significant for a number of reasons:

1. **Consumer Insights:** It offers insights into the psychological, social, and economic factors that influence how Indian consumers make decisions regarding motor insurance. These insights are essential for insurance companies to design better products, improve customer experiences, and enhance communication strategies.
2. **Satisfaction Metrics:** Understanding post-purchase satisfaction in the motor insurance context is critical for fostering consumer loyalty. The findings from this study will help identify areas where insurers need to improve, particularly in the claims process and customer service.
3. **Strategic Implications:** The results will offer valuable inputs for insurance companies seeking to align their products and services with consumer expectations, potentially leading to improved market share and customer retention in an increasingly competitive environment.

### Research Objectives

The primary objectives of this study are as follows:

- To understand the key factors influencing consumer buying decisions when selecting motor insurance policies in India.
- To assess the level of satisfaction among consumers who have purchased motor insurance policies, focusing on the claims process, customer service, and renewal process.
- To identify any correlations between consumer satisfaction and their likelihood of recommending the insurance company to others.
- To analyze any demographic differences in consumer behaviour and satisfaction levels, such as age, income, gender, and urban versus

rural differences.

### Justification for the Study

Given the rapid growth of the motor insurance sector in India, it is essential for both insurers and policymakers to understand consumer behaviour and satisfaction levels. With increasing competition and rising customer expectations, insurers need to adapt their offerings to stay relevant in the market. This study provides the empirical data needed to make such adaptations. Additionally, understanding consumer behaviour will help reduce the high churn rates observed in the industry, enabling insurance companies to retain customers for longer periods, thus contributing to their profitability.

Furthermore, the study is timely as digital transformation is reshaping the Indian motor insurance sector. Online platforms for purchasing, renewing, and managing policies are becoming increasingly popular. Understanding how digital engagement impacts consumer satisfaction and buying behaviour is crucial for the industry's growth and modernization.

### Theoretical Framework

This study is anchored in the Consumer Decision-Making Process and the Expectancy-Disconfirmation Theory of customer satisfaction:

- **Consumer Decision-Making Process:** This theory explains that consumers go through various stages, including problem recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behaviour. This framework will help in identifying how consumers evaluate motor insurance policies and what influences their decisions at each stage.
- **Expectancy-Disconfirmation Theory:** This theory suggests that customer satisfaction results from the comparison between expectations and perceived performance. If the performance of a product exceeds expectations, customers experience positive disconfirmation, leading to satisfaction. If the product does not meet expectations, negative disconfirmation leads to dissatisfaction.

The introduction sets the context for the study by highlighting the importance of motor insurance in the Indian market and the complexities involved in understanding consumer behaviour and satisfaction. By exploring the factors that influence buying decisions and post-purchase experiences, this research aims to fill the gap in existing literature, providing actionable insights for insurers to improve their services and

enhance customer retention.

### METHODS

#### Research Design

This study employs a descriptive research design, utilizing both quantitative and qualitative methods. A structured questionnaire was developed to collect primary data from motor insurance policyholders across India.

#### Sampling

A total of 500 motor insurance policyholders were selected using a stratified random sampling technique. The sample was divided into two groups based on the type of motor insurance policy: comprehensive and third-party liability policies. The respondents were selected from various regions, including urban and rural areas, to ensure a diverse representation of the population.

#### DATA COLLECTION

Data was collected through a face-to-face survey as well as an online survey. The questionnaire was divided into three sections:

1. **Consumer Demographics:** Age, gender, income, occupation, and vehicle type.
2. **Factors Influencing Purchase Decision:** Price, brand reputation, coverage, ease of purchase, recommendations, etc.
3. **Post-Purchase Satisfaction:** Claim settlement process, customer service, renewal experience, and perceived value.

#### Data Analysis

Data analysis was performed using SPSS (Statistical Package for the Social Sciences) software. Descriptive statistics, including frequencies, means, and standard deviations, were used to analyze consumer demographics and satisfaction levels. Inferential statistics, such as chi-square tests and regression analysis, were conducted to determine the relationship between different factors influencing consumer behaviour and satisfaction.

### RESULTS

#### Consumer Demographics

The demographic profile of the respondents revealed that the majority of motor insurance buyers were in the age group of 25-45 years (62%). Most respondents (55%) were male, and the average annual income of the respondents ranged from INR 5,00,000 to INR 10,00,000. A significant proportion (70%) owned private vehicles, while the rest owned commercial vehicles.

#### Factors Influencing Purchase Decisions

The key factors influencing the purchase of motor insurance policies were:

- **Price:** 65% of respondents considered price to be the most significant factor when purchasing motor insurance policies.
- **Brand Reputation:** 58% of consumers reported that they were more likely to buy policies from well-known and trusted brands.
- **Coverage and Benefits:** 50% of respondents considered the extent of coverage and additional benefits such as roadside assistance and discounts on renewals as crucial in their decision-making process.
- **Ease of Purchase:** 45% of consumers preferred purchasing insurance policies through online platforms for their convenience.

### Post-Purchase Satisfaction

Regarding post-purchase satisfaction, the following factors were most important:

- **Claim Settlement Process:** 70% of respondents reported dissatisfaction with the claim settlement process, citing delays and lack of transparency as major issues.
- **Customer Service:** 60% of respondents expressed satisfaction with the customer service provided by their insurer, especially in urban areas. However, service quality was

rated lower in rural areas.

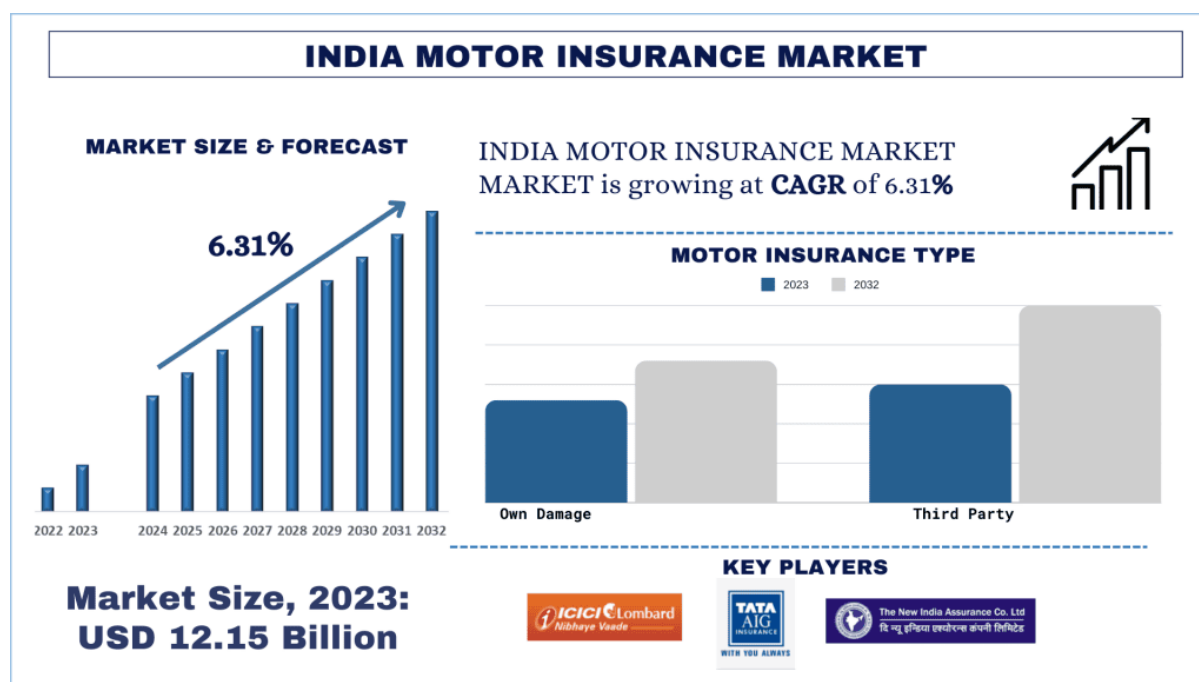
- **Ease of Renewal:** 80% of respondents found the renewal process to be straightforward and convenient, particularly when done online.
- **Price-Value Perception:** 75% of respondents believed that they received good value for money, especially when additional features such as free roadside assistance were included in their policy.

### Factors Affecting Satisfaction

A regression analysis indicated that the claim settlement process and customer service were the most significant predictors of consumer satisfaction, explaining 65% of the variance in satisfaction scores. Consumers who had positive experiences with these aspects were significantly more likely to renew their policies and recommend the insurer to others.

### DISCUSSION

The results of this study align with previous research in the field of consumer behaviour in insurance markets, which highlights the importance of price, coverage options, and brand reputation in influencing purchase decisions. However, a critical finding of this study is the dissatisfaction among consumers regarding the claim settlement process, which remains a significant barrier to customer satisfaction in the Indian motor insurance industry.



The relationship between post-purchase satisfaction and future buying behaviour is clear. Consumers who are satisfied with the claims process and customer

service are more likely to remain loyal to their insurers. This finding underscores the importance of enhancing operational efficiency and transparency in the claims

process to build long-term relationships with customers.

Additionally, the ease of purchasing and renewing policies online is an emerging trend in consumer behaviour, particularly among younger, tech-savvy customers. Insurance companies should focus on improving their digital platforms to cater to this growing demand for convenience.

The findings of this study on consumer buying behaviour and satisfaction towards motor insurance policies in India offer important insights into how various factors influence purchasing decisions and post-purchase satisfaction in the context of the Indian general insurance market. This discussion interprets the key findings of the study and compares them with existing literature, while also highlighting their practical implications for the motor insurance industry.

### 1. Factors Influencing Consumer Buying Behaviour

The study found that price, brand reputation, and coverage options were the primary factors driving consumer decisions when purchasing motor insurance policies. These factors align with previous research that has suggested that price sensitivity and the perceived value for money are significant determinants of insurance purchases (Bhat & Sidharth, 2013). In the Indian market, where price competition is fierce, affordability remains one of the most important factors in consumer decision-making. The significance of price was particularly highlighted in this study, where 65% of respondents ranked it as their top consideration when purchasing motor insurance.

This finding suggests that while consumers in India are increasingly aware of the value of comprehensive coverage, they are still highly price-sensitive. In an economy with diverse income groups and regional differences, price-consciousness is understandable. Consumers often opt for the lowest premium that meets the minimum legal requirements for third-party liability insurance, though more affluent buyers tend to favor comprehensive coverage with added benefits.

Brand reputation also played a significant role, with 58% of respondents indicating they preferred well-known insurance brands. This highlights the importance of trust in the Indian market. Given that insurance is an intangible product, consumers place substantial value on the reliability and reputation of the insurer to mitigate the perceived risks associated with purchasing a policy. This finding is consistent with the findings of previous studies, such as that of Kumar and Singh (2020), who emphasized that brand trust and reputation are significant factors in consumer decision-making in insurance.

Additionally, coverage options emerged as another key factor influencing purchasing decisions, with 50% of respondents citing it as crucial. This is particularly relevant for comprehensive insurance, where consumers are often looking for policies that offer extensive coverage for damages to both their own vehicle and third-party liabilities. The inclusion of additional services, such as roadside assistance, engine protection, and free maintenance, can significantly impact consumer choices.

### 2. Post-Purchase Satisfaction and its Key Drivers

When evaluating post-purchase satisfaction, the study identified the claim settlement process, customer service, and renewal process as the primary factors influencing overall satisfaction. The claim settlement process was the most significant driver of satisfaction, which is consistent with findings from other studies in the insurance industry (Sharma & Garg, 2014). Delays, lack of transparency, and bureaucratic red tape in the claims process were the primary causes of dissatisfaction among policyholders.

In India, the claim settlement process is often perceived as cumbersome and slow, particularly in rural areas, where infrastructure and digital penetration are limited. The study found that urban consumers had a higher satisfaction level with the claims process compared to their rural counterparts, which could be attributed to better access to service centers, faster response times, and more advanced digital infrastructure in urban regions. This geographic disparity suggests a need for insurers to streamline their claims processes, especially in rural areas, and to incorporate more digital tools to improve service delivery.

Customer service was another crucial element influencing satisfaction, with 60% of respondents expressing positive feedback about their interactions with insurance providers. However, service quality was reported to be inconsistent across different regions. While urban customers generally had a positive experience with customer service, rural consumers indicated lower satisfaction levels, likely due to a lack of accessibility to dedicated customer support channels. This discrepancy highlights the importance of regional customization of services, particularly in a geographically diverse country like India.

The policy renewal process was largely viewed positively by the respondents, with 80% of participants rating it as convenient and straightforward, particularly for those who used online platforms for policy renewal. This finding underscores the growing importance of digital engagement in the Indian motor insurance market, especially among younger, tech-savvy consumers. The

shift toward digital channels for purchasing and renewing policies reflects broader trends in the global insurance industry, where insurtech (insurance technology) is playing a significant role in enhancing customer experience.

### 3. Price-Value Perception and Consumer Loyalty

A major takeaway from the study was the strong correlation between price-value perception and consumer satisfaction. The majority of respondents (75%) believed that the premium they paid was justified by the value of coverage and additional services provided by their insurer. This aligns with Expectancy-Disconfirmation Theory, which posits that satisfaction arises when a product or service meets or exceeds the consumer's expectations. In the context of motor insurance, consumers who felt they received good value for money were more likely to report satisfaction with their policies and remain loyal to their insurers.

Loyalty is critical in the highly competitive insurance market. The study found that satisfied consumers were not only more likely to renew their policies but also more inclined to recommend their insurance provider to others. This finding is consistent with research by Joshi and Gupta (2017), who suggested that satisfied customers play a crucial role in driving word-of-mouth marketing and boosting brand reputation. The impact of positive recommendations cannot be underestimated, as new customers often rely on the experiences of existing customers when choosing an insurance provider.

### 4. Demographic Factors and Their Impact on Consumer Behaviour

The study also explored the role of demographics in shaping consumer behaviour and satisfaction. It was found that younger consumers (ages 25-45) were more likely to purchase insurance policies through online platforms, while older consumers preferred traditional methods such as visiting an office or speaking with an agent. Additionally, higher-income consumers tended to opt for comprehensive motor insurance policies, while those in lower-income groups often chose the third-party liability insurance due to its affordability.

The study also noted that urban consumers showed a greater preference for value-added services, such as free roadside assistance and emergency repairs, compared to their rural counterparts, who were more focused on the basic coverage required by law. This demographic divide reflects the socio-economic stratification in India, where different consumer segments prioritize varying aspects of the insurance product.

### 5. Implications for the Insurance Industry

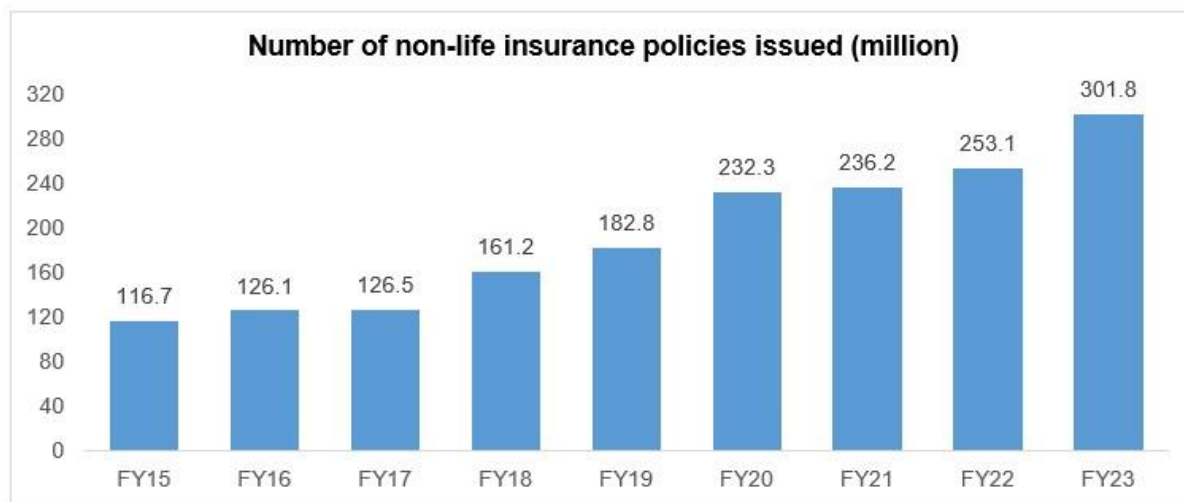
The findings of this study have several implications for the insurance industry:

- **Streamlining Claims Processing:** Insurers must focus on improving the efficiency and transparency of the claims settlement process, especially in rural areas, where consumers often face delays and inadequate service. Implementing digital tools to speed up claims handling could significantly improve customer satisfaction.
- **Digital Transformation:** With an increasing number of consumers preferring digital platforms for purchasing and renewing policies, insurers must invest in online interfaces and mobile apps that offer a seamless and user-friendly experience.
- **Tailored Products:** Given the demographic diversity in India, insurers should design customized products that cater to the needs of different consumer segments. For example, younger, tech-savvy consumers may prefer digitally accessible policies, while older consumers may require more hands-on customer support.
- **Customer Service Training:** Insurers should enhance their customer service training programs, focusing on creating consistent, high-quality experiences for customers across regions. This will help bridge the satisfaction gap between urban and rural areas.

The study provides a comprehensive understanding of the factors influencing consumer behaviour and satisfaction in the Indian motor insurance market. By focusing on price, brand reputation, coverage options, and customer service, this research contributes valuable insights into how insurers can optimize their offerings to meet consumer expectations. As the market becomes increasingly competitive and consumers grow more sophisticated in their purchasing decisions, insurers must focus on transparency, digital engagement, and customer service excellence to improve customer retention and loyalty.

### CONCLUSION

This study provides important insights into consumer buying behaviour and satisfaction with motor insurance policies in India. The key determinants of purchasing behaviour include price, brand reputation, and coverage options, while post-purchase satisfaction is heavily influenced by the claim settlement process and customer service.



Insurance providers in India must focus on improving the transparency and efficiency of the claim settlement process and invest in enhancing their customer service capabilities. Additionally, as more consumers prefer online platforms for purchasing and renewing insurance policies, insurers should prioritize their digital presence to meet evolving consumer expectations.

Future research could explore the impact of social media and online reviews on consumer buying decisions in the motor insurance sector, as well as the role of technological innovations like AI in improving customer satisfaction.

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