

A STUDY ON INSURANCE AWARENESS

POLISETTI ANUSHA ^[1]

MBA Student

DR MOHD ABDUL HAFEEZ ^[2]

ASSISTANT PROFESSOR

^[1,2]MASTER OF BUSINESS ADMINISTRATION

**^[1,2]Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad
Road, Edulabad, Ghatkesar, Telangana.**

ABSTRACT

The insurance sector plays a crucial role in providing financial security and risk protection to individuals and businesses. In a rapidly evolving financial environment, insurance awareness has become increasingly important as individuals are exposed to various risks such as health issues, accidents, and economic uncertainties. Despite the availability of diverse insurance products, a significant portion of the population lacks adequate awareness and understanding of insurance policies.

This study focuses on insurance awareness among individuals, with specific reference to Bajaj Finance Ltd., a leading non-banking financial company (NBFC) in India. Bajaj Finance has expanded its services beyond traditional lending by offering various financial products, including insurance services in collaboration with insurance providers. The company plays an important role in promoting financial inclusion and enhancing awareness through its digital platforms and customer-centric approach.

The objective of this study is to analyze the level of awareness among individuals regarding insurance products, their preferences, and factors influencing their investment decisions. The study also evaluates the role of Bajaj Finance in promoting insurance awareness and accessibility.

Primary data has been collected through a structured questionnaire from 100 respondents, including working professionals, students, and business individuals. Secondary data has been obtained from company reports, financial journals, and industry publications.

The study incorporates recent trends (2023–2025), including:

- Growth of digital insurance platforms
- Increasing use of mobile applications
- Rise of InsurTech solutions
- Growing demand for health and life insurance
- Expansion of financial services by NBFCs

The findings indicate that while awareness of basic insurance products has improved, there is still a lack of understanding regarding complex policies and investment-linked insurance plans. Many respondents consider insurance primarily as a risk protection tool rather than an investment option.

The study also highlights that digital platforms have significantly contributed to increasing awareness, especially among younger individuals. Bajaj Finance, through its digital ecosystem and customer outreach, has played a vital role in enhancing accessibility to financial products.

However, challenges such as lack of financial literacy, mis-selling of policies, and low awareness in rural areas continue to hinder the growth of insurance awareness.

The study concludes that increasing awareness, simplifying insurance products, and leveraging digital platforms are essential for improving insurance penetration in India.

1.1 INTRODUCTION

1.1.1 Concept of Insurance Awareness

Insurance awareness refers to the level of knowledge, understanding, and perception that individuals possess regarding insurance products, their benefits, and their role in financial planning. It involves awareness about different types of insurance policies, their features, coverage, premium structures, claim procedures, and long-term benefits.

In a developing economy like India, insurance awareness plays a crucial role in ensuring financial stability and risk management. Despite the availability of a wide range of insurance products, many individuals lack adequate knowledge about their importance, leading to underinsurance or absence of insurance coverage.

Insurance awareness is not limited to understanding the concept of insurance but also includes the ability to make informed decisions regarding the selection of appropriate policies based on individual needs, income levels, and risk tolerance.

1.1.2 Importance of Insurance Awareness

Insurance awareness is essential for both individuals and the economy as a whole. It helps individuals protect themselves against financial risks and uncertainties while contributing to economic development.

Key Importance:

- Provides financial protection against unforeseen risks
- Promotes financial planning and security
- Reduces economic burden during emergencies
- Encourages savings and investment
- Enhances risk management capabilities

A well-informed population is more likely to invest in insurance products, leading to increased insurance penetration and economic growth.

1.2 SCOPE OF THE STUDY

1.2.1 Introduction to Scope

The scope of the study defines the extent and boundaries within which the research is conducted. This study focuses on analyzing the level of insurance awareness among individuals and the role played by Bajaj Finance Ltd. in promoting financial awareness and accessibility of insurance products.

1.3 NEED OF THE STUDY

1.3.1 Introduction

The need for this study arises from the growing importance of insurance in financial planning and the existing gap in awareness among individuals regarding insurance products.

1.4 RESEARCH METHODOLOGY)

1.4.1 Introduction

Research methodology provides a structured approach for collecting and analyzing data. In this study, it is used to evaluate insurance awareness and customer behavior.

1.4.2 Research Design

- **Descriptive Research** → Understanding awareness levels
- **Analytical Research** → Studying relationships between variables

1.4.3 Nature of Study

- Empirical research
- Cross-sectional study
- Applied research

1.5 LIMITATIONS OF THE STDY

1.5.1 Introduction

Every research study has certain limitations that may affect the findings and conclusions.

1.5.2 Key Limitations

1. Limited Sample Size

Only 100 respondents, which may not represent the entire population.

2. Geographical Limitation

Study restricted to urban and semi-urban areas.

3. Respondent Bias

Answers may be subjective or inaccurate.

2. REVIEW OF LITERATURE

2.1 INTRODUCTION

The review of literature forms the theoretical backbone of any research study by analyzing previous research works, theories, and empirical findings related to the subject. It helps in understanding the existing knowledge, identifying research gaps, and establishing a framework for the current study.

In the context of **insurance awareness**, literature review plays a crucial role in understanding how awareness levels influence customer behavior, policy adoption, and financial decision-making. Over the years, various studies have examined the growth of the insurance sector, factors affecting awareness, consumer perception, and the role of financial institutions.

With the rapid growth of digital platforms and financial services, recent studies (2023–2025) highlight the importance of **technology, financial literacy, and customer engagement** in enhancing insurance awareness.

2.2 THEORETICAL FRAMEWORK OF INSURANCE AWARENESS

2.2.1 Risk Management Theory

Risk management theory is the foundation of insurance. It explains how individuals and organizations manage uncertainties by transferring risk to insurance companies.

Key aspects include:

- Identification of risks
- Evaluation of potential losses
- Risk transfer through insurance

Insurance awareness is directly linked to how individuals perceive and manage risk.

3.1 INDUSTRY PROFILE: INDIAN INSURANCE INDUSTRY

3.1.1 Overview of Insurance Industry in India

The Indian insurance industry is one of the fastest-growing sectors in the country. It provides financial protection against risks and contributes to economic development by mobilizing savings and supporting investments.

The industry is regulated by the **Insurance Regulatory and Development Authority of India (IRDAI)**, which ensures transparency, customer protection, and systematic growth.

3.1.2 Structure of the Insurance Industry

The insurance sector in India is classified into:

1. Life Insurance

- Provides financial protection to dependents
- Includes term plans, endowment plans, ULIPs

2. General Insurance

- Covers non-life risks such as:
 - Health insurance
 - Motor insurance
 - Property insurance
 - Travel insurance

3. Reinsurance

- Provides risk coverage to insurance companies
- Helps manage large-scale risks

3.2 COMPANY PROFILE: BAJAJ FINANCE LTD.

3.2.1 Introduction to Bajaj Finance Ltd.

Bajaj Finance Ltd. is one of India's leading Non-Banking Financial Companies (NBFCs), known for its diversified portfolio of financial products and services. It is a part of the Bajaj Finserv group and has established a strong presence in consumer finance, lending, and financial services.

The company focuses on providing innovative and customer-centric financial solutions, including insurance services through partnerships with insurance providers.

3.2.2 History and Growth

- Established as a part of Bajaj group
- Rapid expansion in financial services
- Strong growth in customer base
- Adoption of digital platforms

Over the years, Bajaj Finance has become a key player in India's financial ecosystem.

3.2.3 Vision and Mission

Vision:

To be a leading financial services provider delivering innovative solutions and superior customer experience.

Mission:

- Provide accessible financial services
- Enhance customer satisfaction
- Promote financial inclusion
- Leverage technology for growth

4.DATAANALYSIS & INTERPRETATION

4.1 DEMOGRAPHIC ANALYSIS

Table 4.1: Age-wise Distribution

Age Group	Respondents	Percentage
Below 25	25	25%
25–35	35	35%
35–50	25	25%
Above 50	15	15%

Interpretation

The majority (35%) falls in the **25–35 age group**, indicating that young professionals are more financially aware and engaged in insurance planning.

4.2 AWARENESS LEVEL

Table 4.2: Awareness of Insurance

Awareness Level	Respondents	Percentage
Highly Aware	30	30%
Moderately Aware	45	45%
Not Aware	25	25%

Interpretation

45% are moderately aware, while 25% lack awareness.

4.3 SOURCE OF AWARENESS

Table 4.3: Source of Information

Source	Respondents	Percentage
Digital Media	40	40%
Agents	25	25%
Friends/Family	20	20%
Advertisements	15	15%

Interpretation

Digital media dominates, reflecting modern trends.

4.4 TYPE OF INSURANCE KNOWN

Table 4.4: Awareness of Insurance Types

Type	Respondents	Percentage
Life Insurance	35	35%
Health Insurance	30	30%
Motor Insurance	20	20%
Others	15	15%

Interpretation

Life insurance is most known.

5.1 FINDINGS OF THE STUDY

The findings of the study are derived from the comprehensive analysis of primary data collected from respondents regarding their awareness, perception, and behavior towards insurance products. The study provides valuable insights into the level of insurance awareness and the role of financial institutions like Bajaj Finance in promoting financial literacy.

One of the major findings is that young individuals, particularly in the age group of 25–35 years, exhibit higher awareness levels compared to other age groups. This segment is more exposed to digital platforms, financial education, and modern financial products, which enhances their understanding of insurance.

The study reveals that insurance awareness among respondents is moderate, with a significant portion of individuals having only basic knowledge of insurance products. While most respondents are aware of life and health insurance, awareness regarding other types such as general insurance and investment-linked insurance products remains limited.

Another important finding is that digital media has emerged as the primary source of insurance awareness. A majority of respondents indicated that they rely on online platforms, mobile applications, and social media for information related to insurance. This reflects the growing importance of digitalization in the financial sector.

The study also highlights that insurance is primarily perceived as a risk protection tool rather than an investment option. Most respondents purchase insurance to safeguard against uncertainties such as health issues, accidents, and financial emergencies. However, awareness about insurance as an investment instrument, particularly ULIPs, is relatively low.

In terms of factors influencing insurance purchase decisions, trust and reliability of the company are the most significant factors, followed by convenience and expected returns. This indicates that brand reputation and customer confidence play a crucial role in the insurance market.

The analysis further shows that a majority of respondents prefer digital platforms for purchasing insurance, indicating a shift towards online services. Bajaj Finance, with its strong digital infrastructure, plays a significant role in facilitating access to insurance products.

5.2 SUGGESTIONS AND RECOMMENDATIONS

Based on the findings of the study, several suggestions are proposed to improve insurance awareness and enhance the effectiveness of financial institutions like Bajaj Finance in promoting insurance products.

One of the most important recommendations is to increase financial literacy and awareness among individuals. Insurance companies and financial institutions should conduct awareness campaigns, workshops, and educational programs to help individuals understand the importance of insurance and its various benefits.

Another key suggestion is to simplify insurance products and policy documentation. Many respondents find insurance policies complex and difficult to understand, which discourages them from investing. Simplified language and transparent communication can improve customer understanding and trust.

The study also recommends that Bajaj Finance and similar institutions should leverage digital platforms more effectively. Since digital media is the primary source of awareness, companies should invest in user-friendly mobile applications, online portals, and digital marketing strategies to reach a wider audience.

Improving the claim settlement process is another critical recommendation. Faster and more transparent claim processing can enhance customer satisfaction and build trust in insurance companies. The use of technology such as AI and automation can help streamline this process.

Financial institutions should also focus on customer-centric approaches, including personalized insurance solutions based on individual needs, income levels, and risk profiles. This can help attract a broader customer base.

Another important suggestion is to expand awareness programs in rural and semi-urban areas, where insurance awareness is relatively low. Targeted campaigns and financial inclusion initiatives can help increase insurance penetration in these regions.

The integration of data analytics and customer insights can further improve decision-making and product offerings. Bajaj Finance can use data-driven strategies to understand customer behavior and design effective marketing campaigns.

Finally, continuous innovation in insurance products and services is essential to meet the evolving needs of customers and maintain competitiveness in the market.

5.3 CONCLUSION

The insurance sector plays a crucial role in providing financial security and promoting economic stability. The present study on “Insurance Awareness” with reference to Bajaj Finance Ltd. provides a comprehensive analysis of awareness levels, customer behavior, and industry trends.

The findings of the study indicate that while insurance awareness has improved significantly in recent years, it is still not at an optimal level. Many individuals possess only basic knowledge of insurance products and lack a deeper understanding of their features and benefits.

The study highlights the growing importance of digital platforms in enhancing insurance awareness. With the increasing use of mobile applications and online services, customers are becoming more informed and engaged in financial decision-making.

Bajaj Finance Ltd. has played a significant role in promoting insurance awareness through its digital infrastructure, customer engagement strategies, and wide reach. Its ability to integrate financial services with technology has contributed to improving accessibility and awareness.

However, challenges such as lack of financial literacy, complexity of insurance products, and customer dissatisfaction in certain areas need to be addressed. Improving awareness, simplifying products, and enhancing customer service are essential for the sustainable growth of the insurance sector.

The study concludes that the future of insurance awareness in India is promising, driven by technological advancements, increasing financial literacy, and supportive government initiatives. With continued efforts from financial institutions and policymakers, insurance awareness can be significantly improved, leading to higher insurance penetration and economic development.

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