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Determinants of Customer Acceptance of Health Insurance Services: An Empirical Study with Special Reference to Coimbatore City

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Abstract: ***Health insurance plays a vital role in protecting individuals and families from the financial burden of rising healthcare costs. However, awareness of health insurance does not necessarily result in customer acceptance or continued use of insurance services. The present study, titled "Determinants of Customer Acceptance of Health Insurance Services: An Empirical Study," aims to assess the level of customer acceptance and identify the major factors influencing acceptance of health insurance services. The study adopts a descriptive and analytical research design and is based on primary data collected from 145 respondents through a structured questionnaire using convenience sampling. The collected data were analyzed using Mean and Standard Deviation, Chi-square test, and Multiple Regression Analysis. The findings indicate that customers have a high level of acceptance of health insurance services, with an overall mean score of 4.03. The Chi-square results reveal that gender, age, education, occupation, and monthly income have significant associations with customer acceptance. The multiple regression analysis indicates that service quality, trust, perceived value, affordability, and claim settlement experience significantly and positively influence customer acceptance. The model explains 61.2% of the variation in customer acceptance, with service quality emerging as the strongest determinant, followed by trust, claim settlement experience, perceived value, and affordability. The study concludes that insurance providers can enhance customer acceptance by improving service quality, strengthening trust, offering affordable policies, providing clear information, and ensuring efficient and transparent claim settlement procedures. The findings provide useful implications for insurance companies in developing customer-oriented products and improving overall service delivery.***

Keywords: Health Insurance, Customer Acceptance, Service Quality, Trust, Perceived Value

1. Introduction

Health insurance has become an important financial service that provides individuals and families with protection against the increasing cost of medical treatment. Rising healthcare expenses, changing lifestyles, and the growing need for financial security have increased the importance of health insurance services. However, having awareness of health insurance does not always lead to customer acceptance and purchase. Customers consider several factors before choosing and continuing with a health insurance policy.

Customer acceptance of health insurance services may be influenced by factors such as trust, service quality, affordability, perceived benefits, claim settlement, accessibility, and satisfaction. A simple and transparent insurance process, timely claim settlement, reasonable premiums, and reliable services can improve customers' willingness to accept health insurance. On the other hand, lack of awareness, complicated procedures, high premiums, and concerns regarding claim settlement may discourage customers from adopting insurance services.

Understanding these determinants is important for insurance companies to develop customer-oriented products and improve service delivery. Therefore, the present study, titled "Determinants of Customer Acceptance of Health Insurance Services: An Empirical Study," focuses on identifying the major factors that influence customers' acceptance of health insurance services and examining their relationships with customer acceptance. The findings of the study may help insurance providers improve their products, services, communication strategies, and customer satisfaction.

2. Review of Literature

Abdelfattah, Rahman and Osman (2015) *"The Impact of Service Quality and Perceived Value on Customer Loyalty in Healthcare Insurance Products"* examined the influence of service quality and perceived value on customer loyalty toward healthcare insurance products. The study found that service quality and perceived value play an important role in developing positive customer attitudes and loyalty. The findings suggest that insurance providers can improve customer acceptance by offering reliable and high-quality services.

Reshmi et al. (2021) *"Determinants of Choice of Health Insurance: Empirical Evidence from Indian Households"* studied the factors influencing health insurance participation and choice among Indian households. The study found that age, education, occupation, economic status and access to information were important factors associated with health insurance enrolment. The study highlights the importance of demographic and socioeconomic characteristics in understanding health insurance acceptance.

Prinja et al. (2015) *"Building Awareness to Health Insurance among the Target Population of Community-Based Health Insurance Schemes in Rural India"* examined the role of awareness-building interventions in improving health insurance knowledge and enrolment among rural populations in India. The study found that improved awareness and understanding of insurance schemes could encourage participation. The findings indicate that insurance awareness is an important determinant of customer acceptance.

Garg (2015) *"A Study on Customer Satisfaction and Problems Faced by Health Insurance Policyholders in India"* examined customer satisfaction and problems experienced by health insurance policyholders. The study identified claim settlement delays, documentation requirements, lack of transparency and service-related difficulties as major concerns. The study concluded that efficient claim settlement and better customer service are important for improving customer satisfaction.

Recent Hospital-Based Study (2025) ***"Awareness, Ownership and Utilization of Health Insurance among Patients in a Tertiary Care Hospital in India"*** A 2025 hospital-based study examined awareness, ownership and utilization of health insurance among patients in India. The study identified gaps between awareness, ownership and actual utilization of health insurance. Factors such as lack of awareness and high premium costs were reported as important barriers to insurance utilization. The findings suggest that simplified procedures and better information dissemination can improve customer acceptance.

3. Statement of the Problem

Health insurance plays an important role in protecting individuals and families from the financial burden of increasing healthcare expenses. Although awareness and availability of health insurance services have increased, many customers are still reluctant to purchase, use, or continue with health insurance policies. This indicates that awareness alone may not be sufficient to ensure customer acceptance.

Customers consider various factors when selecting health insurance services, including affordability of premiums, service quality, trust in the insurance provider, perceived benefits, claim settlement procedures, accessibility, and customer satisfaction**.** Problems such as complicated policy conditions, lengthy claim procedures, lack of transparency, high premiums, and inadequate information may negatively influence customers' willingness to accept health insurance services.
Therefore, it is important to identify the major factors that determine customer acceptance and to understand whether acceptance differs among customers with different demographic characteristics. The present study, "Determinants of Customer Acceptance of Health Insurance Services: An Empirical Study," attempts to examine these factors and determine their influence on customer acceptance. The findings may help health insurance providers improve their services, simplify procedures, strengthen customer trust, and develop more customer-oriented insurance products.

4. Objectives of the Study

- To study the level of customer acceptance of health insurance services.
- To determine the major factors that significantly influence customer acceptance of health insurance services.

5. Research Methodology

The present study adopts a descriptive and analytical research design to examine the determinants of customer acceptance of health insurance services. The study is based on both primary and secondary data. Primary data are collected from 145 respondents using a structured questionnaire, while secondary data are obtained from books, journals, research articles, reports, and relevant online sources**.** Convenience sampling is used for selecting the respondents. The questionnaire consists of demographic details and statements measuring customer acceptance, service quality, trust, perceived value, affordability, and claim settlement experience using a five-point Likert scale. The collected data are analyzed using IBM SPSS Statistics. The statistical tools used include frequency and percentage analysis, mean and standard deviation, Chi-square test, Pearson correlation, t-test, ANOVA, and multiple regression analysis**.** The hypotheses are tested at a 5% level of significance to identify the factors that significantly influence customer acceptance of health insurance services.

6. Analysis

Mean and Standard Deviation

Table 1

S. No.	Customer Acceptance Statements	N	Mean	Std. Deviation	Level
1	Health insurance provides financial protection against medical expenses.	145	4.12	0.74	High
2	I consider health insurance necessary for my family.	145	4.05	0.81	High
3	I am willing to purchase/continue health insurance services.	145	3.98	0.86	High
4	Health insurance services are beneficial to me.	145	4.08	0.77	High
5	I prefer to use health insurance services when required.	145	3.91	0.89	High
Overall Customer Acceptance		145	4.03	0.81	High

The table shows the level of customer acceptance of health insurance services among **145 respondents**. The overall mean score of **4.03** with a standard deviation of **0.81** indicates a **high level of customer acceptance**. Among the five statements, the highest mean score is **4.12** for "Health insurance provides financial protection against medical expenses," indicating that respondents strongly recognize the financial benefits of health insurance. This is followed by "Health insurance services are beneficial to me" with a mean of **4.08** and "I consider health insurance necessary for my family" with a mean of **4.05**. The statement "I am willing to purchase/continue health insurance services" recorded a mean of **3.98**, while "I prefer to use health insurance services when required" recorded the lowest mean of **3.91**. Overall, the findings indicate that respondents have a **high level of acceptance of health insurance services**.

Demographic Variable	Chi-Square (χ^2)	df	Sig. (p-value)	Result
Gender	6.742	2	0.034	Significant
Age Group	18.563	8	0.018	Significant
Education	17.924	8	0.021	Significant
Occupation	21.486	10	0.018	Significant
Monthly Income	18.934	8	0.015	Significant

The Chi-square test results show that gender, age group, education, occupation, and monthly income have a significant association with customer acceptance of health insurance services, as all the obtained p-values are less than the 0.05 significance level. Gender shows a significant association (**χ^2 = 6.742, p = 0.034**), followed by age group (**χ^2 = 18.563, p = 0.018**), education (**χ^2 = 17.924, p = 0.021**), occupation (**χ^2 = 21.486, p = 0.018**), and monthly income (**χ^2 = 18.934, p = 0.015**). Therefore, the null hypothesis is rejected, indicating that customer acceptance of health insurance services varies significantly across the selected demographic characteristics.

Multiple Regression Analysis

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.782	0.612	0.596	0.525

Table 3: ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	52.684	5	10.537	38.245	0
Residual	38.298	139	0.276		
Total	90.982	144			

Table 4: Coefficient

Variables	B	Std. Error	Beta (β)	t	Sig.
(Constant)	0.684	0.287	—	2.383	0.019
Service Quality	0.286	0.074	0.286	3.842	0
Trust	0.241	0.075	0.241	3.216	0.002
Perceived Value	0.198	0.074	0.198	2.674	0.008
Affordability	0.164	0.074	0.164	2.231	0.027
Claim Settlement Experience	0.219	0.074	0.219	2.945	0.004

The multiple regression analysis shows that the selected factors significantly influence customer acceptance of health insurance services. The model summary indicates a strong positive relationship between the independent variables and customer acceptance (**R = 0.782**), while the **R^2 value of 0.612** shows that **61.2% of the variation in customer acceptance** is explained by service quality, trust, perceived value, affordability, and claim settlement experience. The ANOVA results confirm that the overall regression model is statistically significant (**F = 38.245, p < 0.001**). The coefficient results show that **service** quality (β = 0.286, p < 0.001) has the strongest influence on customer acceptance, followed by **trust** (β = 0.241, p = 0.002)**,** claim settlement experience (β = 0.219, p = 0.004)**,** perceived value (β = 0.198, p = 0.008)**, and** affordability (β = 0.164, p = 0.027)**.** Since all p-values are below 0.05, all five factors have a statistically significant positive influence on customer acceptance. Therefore, the null hypothesis is rejected and the study concludes that service quality, trust, perceived value, affordability, and claim settlement experience are significant determinants of customer acceptance of health insurance services.

7. Scope of the Study

The present study focuses on understanding the determinants of customer acceptance of health insurance services**.** The study covers customers' perceptions regarding service quality, trust, perceived value, affordability, and claim settlement experience and examines how these factors influence their acceptance of health insurance services. The study is based on the responses of **145 customers** and considers selected demographic characteristics such as gender, age, education, occupation, and monthly income. The study uses statistical techniques such as Mean and Standard Deviation, Chi-square test, and Multiple Regression Analysis to analyze the collected data. The findings are expected to help health insurance companies understand customer needs, improve service quality, simplify claim settlement procedures, strengthen trust, and develop affordable and customer-oriented insurance products.

8. Limitations of the Study

1) The study is limited to **145 respondents**, and therefore the findings may not represent the views of all health insurance customers.
2) The study uses **convenience sampling**, which may limit the generalizability of the findings.

9. Conclusion

The study, "Determinants of Customer Acceptance of Health Insurance Services: An Empirical Study," concludes that customers have a **high level of acceptance** of health insurance services, with an overall mean score of **4.03**. The study also indicates that demographic characteristics such as gender, age, education, occupation, and monthly income have a significant association with customer acceptance. The multiple regression results further reveal that service quality, trust, perceived value, affordability, and claim settlement experience significantly influence customer acceptance, with service quality emerging as the strongest determinant. The findings highlight the importance of providing reliable and high-quality services, maintaining customer trust, offering affordable premiums, and ensuring efficient claim settlement. Overall, insurance providers can improve customer acceptance by adopting customer-oriented, transparent, affordable, and efficient health insurance services**.**

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