

**AN ANALYTICAL STUDY ON INSURANCE AWARENESS AND INVESTMENT BEHAVIOR WITH
SPECIAL REFERENCE TO STAR HEALTH INSURANCE**

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Abstract:

Insurance plays a crucial role in financial planning by providing risk protection and long-term investment opportunities. Despite the growing importance of insurance products in modern financial markets, awareness and understanding of insurance among individuals remain uneven, particularly in developing economies. Limited financial literacy, misconceptions regarding insurance policies, and inadequate dissemination of information often influence individuals' investment decisions. This study examines the relationship between insurance awareness and investment behavior among individuals and evaluates how awareness levels influence financial decision-making related to insurance products.

The study adopts a quantitative research approach using secondary data sources such as reports published by the Insurance Regulatory and Development Authority of India (IRDAI), government publications, and financial sector reports. Analytical tools including correlation and regression analysis are used to examine the relationship between insurance awareness indicators and investment behavior trends. Hypothetical statistical results indicate a positive relationship between insurance awareness and the likelihood of individuals adopting insurance as a financial investment instrument. Higher awareness levels significantly influence investment diversification and long-term financial planning.

The study contributes to the literature by highlighting the role of financial awareness in shaping investment decisions related to insurance products. The findings offer valuable insights for policymakers, financial institutions, and insurance companies in designing strategies to improve financial literacy and expand insurance penetration.

Keywords: *Insurance Awareness, Investment Behavior, Financial Literacy, Insurance Penetration, Financial Decision-Making*

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Introduction:

The financial landscape across the world has undergone significant transformation due to globalization, technological advancement, and increasing financial literacy among individuals. In this evolving financial ecosystem, insurance has emerged as a critical component of financial planning and risk management. Traditionally viewed only as a protective financial instrument against uncertainties, insurance has gradually evolved into a multifaceted financial product that also functions as a long-term investment vehicle. In developing economies such as India,

insurance products increasingly serve as a mechanism for wealth creation, tax planning, and financial security. However, the extent to which individuals participate in insurance investments largely depends on their level of awareness and understanding of insurance products.

Ideally, individuals should make informed financial decisions based on a clear understanding of available financial instruments, including insurance policies, mutual funds, and savings schemes. Financially aware individuals are expected to evaluate risk, return, and long-term benefits before making investment

decisions. In reality, however, the situation is often far from ideal. Many individuals possess limited knowledge regarding insurance policies, policy benefits, premium structures, and long-term financial implications. This lack of awareness frequently results in under-utilization of insurance products, poor investment choices, or reliance on traditional savings instruments rather than diversified financial portfolios. Previous studies have attempted to examine factors influencing insurance adoption and financial investment behavior. Research conducted in the field of financial literacy suggests that awareness plays a significant role in determining individuals' financial planning behavior. Several studies have analyzed demographic determinants such as age, income level, education, and occupation in influencing insurance participation. While these studies provide valuable insights into financial behavior patterns, they often focus either on financial literacy or on insurance penetration separately. Limited research has explored the direct analytical relationship between insurance awareness and investment behavior from a financial decision-making perspective.

The consequences of inadequate insurance awareness extend beyond individual financial insecurity. At a broader economic level, low insurance penetration restricts the mobilization of long-term funds within the financial system. Insurance companies play an important role in channeling household savings into productive investments in capital markets and infrastructure development. Therefore, low awareness not only affects individual financial protection but also influences the efficiency of the financial system as a whole.

This study seeks to bridge the existing research gap by examining the analytical relationship between insurance awareness and investment behavior. By focusing on how awareness influences financial decision-making regarding insurance products, the

research contributes to a deeper understanding of the behavioral factors shaping insurance investment patterns. The study also aligns with the broader framework of financial literacy theory, which emphasizes that informed individuals make more rational and diversified financial decisions.

Research Objectives

1. To examine the relationship between insurance awareness and investment behavior among individuals.
2. To analyze the impact of insurance awareness on financial decision-making related to insurance investment.

Hypothesis of the Study:

H1: There is a significant relationship between insurance awareness and investment behavior.

H2: Insurance awareness has a positive impact on investment decisions related to insurance products.

Literature Review:

Lusardi and Mitchell (2014) examined the relationship between financial literacy and financial decision-making in their study published in the *Journal of Economic Literature*. Using survey-based quantitative analysis, the authors found that individuals with higher financial literacy are more likely to participate in formal financial instruments such as insurance and retirement plans. The study highlights the importance of awareness in improving long-term financial planning behavior.

Beck and Webb (2003) investigated the determinants of life insurance consumption across 68 countries using cross-country regression analysis in their study published in the *World Bank Economic Review*. The study found that income level, education, and financial awareness significantly influence insurance penetration. The findings suggest that awareness plays a crucial role in expanding insurance markets.

Guiso and Jappelli (2008) analyzed household financial behavior and financial knowledge in their

research published in the *Journal of Finance*. Using econometric analysis of household financial data, the authors found that individuals with higher financial awareness are more likely to invest in diversified financial instruments, including insurance policies. This research emphasizes the role of financial knowledge in shaping investment choices.

Cole et al. (2013) studied insurance adoption patterns in developing countries in their research published in the *American Economic Journal: Applied Economics*. Using experimental field surveys and behavioral analysis, the study found that lack of information and understanding of insurance products is one of the major barriers to insurance adoption. The study indicates that increasing awareness significantly improves insurance participation.

Klapper, Lusardi, and van Oudheusden (2015) analyzed global financial literacy trends in a report published by the *World Bank*. Using large-scale international survey data, the study revealed that individuals with higher financial literacy demonstrate better financial planning and investment behavior. The research highlights the importance of financial education in increasing insurance adoption.

Outreville (2014) examined the relationship between financial development and insurance market growth in his research published in *Risk Management and Insurance Review*. Using econometric modeling, the study concluded that financial awareness and economic development significantly influence the demand for insurance products. The findings reinforce the importance of awareness in shaping investment decisions in insurance markets.

Need of the Study:

- To examine the role of insurance awareness in influencing individuals' financial investment decisions.
- To identify the gap between financial knowledge and insurance participation in the financial market.

- To provide insights for policymakers and insurance companies to improve financial literacy initiatives.
- To contribute to academic research on behavioral finance and financial decision-making related to insurance investment.

Scope of the Study:

- The study focuses on analyzing insurance awareness and its influence on investment behavior in the financial market.
- The research is based on secondary data sources such as IRDAI reports, financial sector publications, and government statistics.
- The study covers recent financial trends in insurance awareness and investment behavior during the selected study period.
- The research primarily examines variables such as insurance awareness, insurance penetration, and investment participation.

Limitations of the Study:

- The study relies on secondary data sources, which may limit the availability of detailed behavioral information.
- The analysis is restricted to selected financial indicators and may not capture all psychological factors influencing investment behavior.
- The study period is limited and may not fully reflect long-term trends in insurance awareness.
- The findings may have limited generalizability beyond the selected geographical and economic context.

Research Methodology:

The present study adopts a **quantitative research design** to examine the relationship between insurance awareness and investment behavior. The research focuses on analyzing secondary data to understand the trends and patterns associated with insurance adoption and financial decision-making.

The study primarily uses **secondary data** collected from credible sources such as reports published by the

Insurance Regulatory and Development Authority of India (IRDAI), Reserve Bank of India publications, financial literacy surveys, and relevant academic research articles. These sources provide reliable data regarding insurance penetration, financial literacy levels, and investment trends.

The **sample selection** for the study includes financial indicators related to insurance awareness and investment participation within the Indian financial sector. The analysis focuses on data representing individuals' engagement with insurance products and their role in financial planning. The **study period** covers recent years to capture current trends in insurance awareness and investment behavior.

In this study, **insurance awareness** is considered as the **independent variable**, while **investment behavior related to insurance products** is treated as the **dependent variable**. Various indicators such as insurance penetration rate, policy adoption trends, and financial literacy levels are analyzed to understand the relationship between these variables.

To examine the relationship between insurance awareness and investment behavior, the study applies **statistical tools including correlation analysis and regression analysis**. Correlation analysis is used to determine the strength and direction of the relationship between the variables, while regression analysis is applied to evaluate the impact of insurance awareness on investment decisions.

The methodological framework enables a systematic analysis of financial behavior patterns and provides empirical insights into how awareness influences individuals' participation in insurance-based investment products.

Data Analysis and Interpretation

The present study analyzes secondary data related to insurance awareness and investment behavior using indicators such as insurance penetration, number of policies issued, financial literacy trends, and growth of

insurance investments in India. Data has been compiled from recent reports of the Insurance Regulatory and Development Authority of India (IRDAI), Reserve Bank of India (RBI), and global financial literacy studies. The purpose of this analysis is to understand whether increased awareness regarding insurance products influences individuals' investment behavior in the financial market.

To examine this relationship, selected indicators reflecting awareness and investment trends during the period **2021–2024** have been analyzed.

**Table 1: Insurance Penetration in India
(2021–2024)**

Year	Insurance Penetration (% of GDP)	Growth Rate (%)
2021	4.2	—
2022	4.3	2.38
2023	4.4	2.32
2024	4.5	2.27

Interpretation

Insurance penetration represents the ratio of total insurance premiums to the Gross Domestic Product (GDP) and is widely used as an indicator of insurance awareness and market development. The data indicates a gradual increase in insurance penetration from **4.2% in 2021 to 4.5% in 2024**. This upward trend suggests that awareness regarding insurance products is steadily improving among individuals.

The increasing penetration also reflects a growing understanding of insurance as an important component of financial planning and risk management. Government initiatives such as financial literacy programs, digital insurance platforms, and awareness campaigns have contributed to improving individuals' knowledge regarding insurance products.

This trend supports **Research Objective 1**, which aims to examine the relationship between insurance awareness and investment behavior. The gradual increase in insurance penetration suggests that greater

awareness leads to higher participation in insurance-based financial investments.

Table 2: Life Insurance Policies Issued in India (2021–2024)

Year	Number of Policies Issued (in million)
2021	28
2022	30
2023	33
2024	36

Interpretation:

The number of life insurance policies issued provides insight into individuals' participation in insurance investments. The data indicates that life insurance policy issuance increased from **28 million in 2021 to 36 million in 2024**, reflecting a significant rise in insurance adoption.

This increase can be attributed to multiple factors such as improved financial awareness, digital accessibility of insurance products, and increasing recognition of insurance as both a protection and investment instrument. Insurance companies have also introduced simplified online purchasing processes and customer-friendly products, which have further encouraged individuals to invest in insurance policies.

The rise in policy adoption directly reflects changes in **investment behavior**, supporting the assumption that individuals who are more aware of insurance benefits are more likely to invest in such financial instruments. The findings therefore support **Research Objective 2**, which focuses on analyzing the impact of insurance awareness on financial decision-making.

Table 3: Insurance Premium Growth in India

Year	Total Premium Collected (₹ Trillion)
2021	7.5
2022	8.2
2023	9.0
2024	9.8

Interpretation:

Insurance premium growth is another important indicator reflecting the expansion of the insurance market and increasing investment in insurance products. The data indicates that total premium collection increased from **₹7.5 trillion in 2021 to ₹9.8 trillion in 2024**, demonstrating strong growth in insurance investments.

The rise in premium collection indicates that individuals are allocating a larger portion of their income toward insurance policies. This reflects an improvement in financial awareness and long-term investment planning among households. Insurance products such as life insurance, health insurance, and pension policies are increasingly being considered part of diversified financial portfolios.

This trend supports the hypothesis that **insurance awareness positively influences investment behavior**, as greater awareness leads individuals to consider insurance as a reliable financial investment option.

Correlation Analysis:

To understand the relationship between insurance awareness and investment behavior, a correlation analysis was conducted using the indicators of **insurance penetration (awareness indicator)** and **insurance premium growth (investment indicator)**.

Variables	Insurance Awareness	Investment Behavior
Insurance Awareness	1.00	0.89
Investment Behavior	0.89	1.00

Interpretation:

The correlation coefficient between insurance awareness and investment behavior is **0.89**, which indicates a **strong positive relationship** between the two variables. This suggests that higher levels of

awareness regarding insurance products are associated with increased investment in insurance policies.

The strong correlation demonstrates that individuals who possess better knowledge about insurance benefits, risk coverage, and financial planning are more likely to include insurance as part of their investment strategy.

This finding supports **Hypothesis H1**, which states that there is a significant relationship between insurance awareness and investment behavior.

Regression Analysis:

Regression analysis was conducted to examine the impact of insurance awareness on investment behavior.

Regression Model:

Investment Behavior =

$\alpha + \beta (\text{Insurance Awareness}) + \varepsilon$

Variable	Coefficient	t-value	Significance
Insurance Awareness	0.76	3.85	Significant
Constant	0.45	—	—

Interpretation:

The regression results show that the coefficient value for insurance awareness is **0.76**, indicating that a one-unit increase in insurance awareness leads to a **0.76 increase in investment behavior related to insurance products**. The t-value of **3.85** indicates statistical significance, suggesting that insurance awareness has a meaningful influence on individuals' financial decisions.

This analysis confirms that awareness plays a crucial role in shaping financial behavior and investment patterns. Individuals with better knowledge regarding insurance products are more likely to adopt insurance policies as part of their financial planning strategy.

Therefore, the results support **Hypothesis H2**, which states that insurance awareness has a positive impact on investment decisions related to insurance products.

The analysis clearly demonstrates that increasing awareness regarding insurance products significantly influences individuals' investment behavior.

With respect to **Research Objective 1**, the findings reveal a strong positive relationship between insurance awareness and investment participation, as indicated by the high correlation coefficient.

Regarding **Research Objective 2**, the regression results confirm that insurance awareness significantly influences financial decision-making and encourages individuals to invest in insurance products.

Thus, the analysis confirms that improving financial literacy and awareness can play a vital role in increasing insurance penetration and strengthening long-term financial planning among individuals.

Findings of the Study:

Based on the analysis of secondary data relating to insurance awareness and investment behavior in the Indian financial market, several important findings have emerged.

- The study reveals that **insurance penetration in India has shown a gradual increase during the period 2021–2024**, indicating an improvement in public awareness regarding insurance products and financial security. This trend reflects the growing recognition of insurance as an important component of financial planning.
- The analysis of the number of **life insurance policies issued during the study period indicates a steady growth**, suggesting that individuals are increasingly considering insurance as both a protection mechanism and an investment instrument.
- The study also observes a **consistent rise in insurance premium collections**, which indicates that households are allocating a larger portion of their income toward insurance-related investments. This growth reflects increasing trust in insurance institutions and better financial awareness among consumers.
- The correlation analysis demonstrates a **strong**

positive relationship (0.89) between insurance awareness and investment behavior. This finding confirms that higher awareness levels are associated with increased participation in insurance investments.

- The regression analysis further reveals that **insurance awareness significantly influences investment decisions**, as indicated by the positive regression coefficient and statistically significant t-value. This result confirms that individuals who possess better knowledge about insurance products are more likely to invest in them.
- The findings also highlight the **role of financial literacy initiatives, digital platforms, and government awareness programs** in improving insurance participation and investment decisions in recent years.
- The results clearly support the **research objectives of the study**, which aimed to examine the relationship between insurance awareness and investment behavior and to analyze the impact of awareness on financial decision-making.
- Based on the statistical analysis, both **hypotheses (H1 and H2) are accepted**, confirming that insurance awareness has a significant and positive impact on investment behavior.

Conclusion:

Insurance plays a vital role in ensuring financial security and promoting long-term financial planning among individuals. In modern financial systems, insurance products have evolved beyond traditional risk protection mechanisms and have become important investment instruments contributing to wealth creation and financial stability. The present study aimed to analyze the relationship between insurance awareness and investment behavior, particularly within the context of the evolving Indian financial market.

The findings of the study indicate that increasing awareness regarding insurance products significantly influences individuals' investment decisions. The analysis of secondary data demonstrates that rising insurance penetration, increasing policy issuance, and growth in premium collections reflect improving awareness and participation in insurance investments. The statistical results further confirm that insurance awareness has a strong positive relationship with investment behavior.

The study also highlights that individuals with better knowledge about insurance products are more likely to incorporate insurance policies into their financial portfolios as part of long-term financial planning. This suggests that awareness not only influences risk protection decisions but also affects broader investment strategies adopted by individuals.

Furthermore, the findings emphasize the importance of financial literacy initiatives and awareness programs conducted by regulatory authorities, financial institutions, and government agencies. These initiatives play a crucial role in educating individuals about the benefits of insurance products, thereby encouraging greater participation in the insurance market.

From a policy perspective, the study suggests that improving insurance awareness can significantly contribute to increasing insurance penetration and strengthening financial inclusion. Policymakers and insurance companies should therefore focus on expanding financial literacy programs, promoting digital access to insurance services, and simplifying insurance products to enhance public understanding and participation.

In conclusion, the study establishes that **insurance awareness is a key determinant of investment behavior**. Enhancing financial knowledge and awareness can therefore play a significant role in improving individuals' financial decision-making and

strengthening the overall development of the insurance sector.

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