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MAJOR RESEARCH PROJECT ON

A STUDY ON CONSUMER BEHAVIOUR TOWARDS MOTOR INSURANCE IN INDIA

Submitted By

Srishti Aggarwal

2K24/DMBA/240

Under the Guidance of

Dr. Rajan Yadav

Professor



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CERTIFICATE

It is hereby certified that Srishti Aggarwal, roll no. 2K24/DMBA/240, has successfully submitted the major research project report entitled **"A study on consumer behavior towards motor insurance in India"** in partial fulfillment of the requirement for the award of the degree of **Master of Business Administration (MBA) from Delhi School of Management, Delhi Technological University, Delhi** for the academic session 2025-2026.

Dr. Rajan Yadav

Professor

Delhi School of Management

Delhi Technological University

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I take this opportunity to express my heartfelt gratitude to everyone who supported me through the journey of completing this major research project on consumer behavior towards motor insurance in India.

First and foremost, I am deeply grateful to my faculty guide, Dr. Rajan Yadav, for his invaluable guidance, thoughtful suggestions, and unwavering support at every stage of this research. His professionalism and dedication were instrumental in shaping this project, and his insights greatly enriched my understanding of marketing and consumer behavior.

I am equally grateful to Delhi School of Management, Delhi Technological University (DTU), for providing the resources and academic environment necessary to carry out this research. The institution's commitment to scholarly excellence has been a constant source of motivation for me.

I would also like to extend my sincere thanks to all the respondents who generously took time out of their busy schedules to participate in this survey. Their inputs formed the backbone of this research, and without their cooperation, this study would not have been possible.

Lastly, I am thankful to my family and friends for their constant encouragement, patience, and belief in me throughout this endeavor. Their support kept me motivated during challenging times.

With warm regards,

Srishti Aggarwal
2K24/DMBA/240
Delhi School of Management
Delhi Technological University (DTU)

DECLARATION

I, Srishti Aggarwal, student of the MBA Program, at Delhi School of Management, Delhi Technological University, Delhi hereby declare that the major research project titled **"A study on Consumer Behavior Towards Motor Insurance in India"** submitted to Delhi Technological University is my original work and This project accurately reflects the research and analysis conducted by me in fulfillment of the requirements for the MBA program. I conducted all the research and analyzed all the data for this report.

I certify that all references and citations for any outside sources used followed the rules and were done so correctly. I declare that I have not submitted this report for review in any other course or programmed, and that I am aware of the consequences of providing incorrect information in school.

Regarding the authenticity and reliability of the information contained in this project, I assume full responsibility.

Signature: _____ Date: _____

Srishti Aggarwal

2k24/DMBA/240

ABSTRACT

India's insurance industry has grown rapidly in recent years, with many new companies entering the market and increasing competition. In this market it is very important for insurance companies to keep their customers happy not just find new ones. Insurance companies need to understand customer needs and improve their services to retain customers in such a competitive market.

This study looks at how people in India make decisions about motor insurance. Motor insurance contributes nearly 40% of the general insurance market in India. With more people moving to cities earning money and using the roads it is very important to have insurance to protect against accidents, car theft and other problems.

The entry of private insurance companies has changed the motor insurance market significantly. Insurance companies are now focusing on better products, improved customer service, and digital platforms. This research studies factors such as premium cost, coverage benefits, company reputation, customer service, and online convenience.

Primary data for the study was collected from 100 respondents belonging to different demographic backgrounds through a structured questionnaire. However, there are still gaps between what customers want and what they actually get especially when it comes to making claims and getting help, from customer support. The study concludes that insurers who focus on customer needs and adapt to changing market trends are more likely to succeed. Indias insurance industry needs to focus on making customers happy if they want to stay in business.

KEY WORDS: Motor Insurance, Consumer Behavior, Risk Perception, Policyholder Preferences, Customer Attitude, Customer Satisfaction

CHAPTER-1

INTRODUCTION

CHAPTER – 1
INTRODUCTION

In India, motor insurance is regulated under the Motor Vehicles Act. Earlier, the Motor Vehicles Act of 1939 made third-party insurance compulsory for vehicle owners, and later it was replaced by the Motor Vehicles Act, 1988. According to this law, every vehicle owner must have a valid third-party insurance policy before driving on public roads. The purpose of this rule is to provide financial support to people who suffer injuries, property damage, or other losses due to road accidents. Therefore, motor insurance is not only a legal requirement but also an important measure for public safety and financial protection.

8 The Insurance Regulatory and Development Authority of India (IRDAI) is responsible for regulating and supervising the insurance sector in India. Insurance companies are also required to provide a Certificate of Insurance to policyholders as proof of valid insurance coverage.

There are both public and private sector insurance companies operating in India. Public sector insurers include companies such as New India Assurance, United India Insurance, National Insurance, and Oriental Insurance. These companies offer different types of motor insurance policies across the
16 country. Private insurance companies such as ICICI Lombard, HDFC ERGO, Bajaj Allianz, Tata AIG, and Reliance General Insurance provide additional benefits like cashless garages, faster claim settlement, and digital services. New-age insurance companies such as Acko and Digit Insurance mainly focus on online insurance services and affordable premiums.

IRDAI has also introduced rules related to long-term third-party motor insurance policies. According to
2 these guidelines, new cars must have a three-year third-party insurance policy, while new two-wheelers must have a five-year policy. These rules were implemented following directions issued by the Supreme Court to ensure continuous insurance coverage for vehicles. The regulation came into effect from 1 September 2018 and applies to all newly purchased vehicles in India.

1.1 Importance of Motor Insurance

Motor insurance plays an important role in India because of the increasing number of vehicles and road accidents. It is not only a legal requirement under the Motor Vehicles Act, but also a financial safeguard for vehicle owners. According to the law, every vehicle owner must have at least a third-party liability insurance policy. This policy provides compensation for injuries, death, or property damage caused to another person during an accident.

However, due to heavy traffic, rising accident cases, and unsafe driving conditions, third-party insurance alone is often not sufficient. A comprehensive motor insurance policy provides wider protection by covering damage to the insured vehicle caused by accidents, theft, fire, natural disasters, and other unexpected incidents. It also protects vehicle owners from sudden financial losses and expensive repair costs.

Motor insurance provides financial security and peace of mind to policyholders. It reduces the stress related to accident claims and legal liabilities. Many insurance companies also offer cashless repair

facilities through network garages, making the claim process easier and faster. In addition, policyholders can choose different add-on covers according to their needs, such as zero depreciation cover, engine protection cover, roadside assistance, and personal accident cover.

In cases of serious accidents, some policies also provide compensation to the insured person or their family members. With the growth of digital platforms, purchasing and renewing motor insurance has become easier and more convenient. Customers can now compare policies online, renew insurance instantly, and track claims digitally.

Therefore, in a country like India where road risks are high, motor insurance is not only a legal obligation but also an important financial protection tool for vehicle owners.

Common Motor Insurance Add-ons

Some commonly used motor insurance add-ons are:

- **Zero Depreciation Cover:** Provides full claim settlement without depreciation deduction on replaced parts.
- **Roadside Assistance:** Offers emergency support such as towing, battery jump-start, and minor repairs.
- **Personal Accident Cover:** Provides compensation in case of injury, disability, or death due to accidents.
- **Engine Protection Cover:** Covers engine damage caused by water ingression or oil leakage.
- **Daily Cash Allowance:** Provides daily travel allowance when the insured vehicle is under repair.
- **Return to Invoice Cover:** Helps the policyholder receive the invoice value of the vehicle in case of theft or total loss.
- **Key Replacement Cover:** Covers expenses related to lost or damaged vehicle keys.
- **Consumables and Accessories Cover:** Covers the cost of consumable items and additional accessories.
- **Tire Protection Cover:** Protects against tire damage caused by potholes or road accidents.
- **No Claim Bonus Protection:** Helps retain the no claim bonus even after making a claim.

These add-ons improve the overall coverage of the policy and provide additional financial protection and convenience to vehicle owners.

1.2 Types of Motor Insurance

Third-Party Liability Insurance

Third-party liability insurance is the most basic form of motor insurance and is compulsory under the Motor Vehicles Act. This policy provides coverage for injuries, death, or property damage caused to

another person due to an accident involving the insured vehicle. It is mandatory for all types of vehicles, whether used for personal or commercial purposes. However, this policy does not cover damage caused to the insured vehicle or injuries to the owner-driver.

Comprehensive Insurance

Comprehensive motor insurance provides wider protection compared to third-party insurance. Along with third-party liability coverage, it also covers damage to the insured vehicle caused by accidents, theft, fire, natural disasters, vandalism, and other risks. Policyholders can also purchase additional add-on covers such as zero depreciation cover, roadside assistance, engine protection cover, and personal accident cover. This type of policy is suitable for both private and commercial vehicle owners because it offers complete financial protection.

Standalone Own Damage Insurance

Standalone own damage insurance is designed for vehicle owners who already have third-party insurance coverage. This policy only covers damages to the insured vehicle caused by accidents, theft, fire, floods, earthquakes, or other natural and man-made disasters. It does not provide third-party liability coverage. The policy is available for different categories of vehicles depending on the insurance company and customer requirements.

Bundled Insurance Plan

According to the guidelines issued by the (IRDAI), new private cars must have a three-year third-party insurance policy, while new two-wheelers must have a five-year third-party insurance policy. These long-term plans are usually bundled with one-year own damage coverage. Insurance companies also provide bundled insurance plans for commercial vehicles that combine third-party and own damage coverage for multiple years. Such plans help vehicle owners maintain continuous insurance coverage and reduce the risk of policy lapses.

1.3 Motor Insurance Market News

February 2023

New India Assurance introduced a “Pay as You Drive” motor insurance policy. This type of insurance calculates premium based on vehicle usage and driving distance. The policy includes both third-party liability coverage and own damage protection. Usage-based insurance is becoming increasingly popular because it provides flexible premium options and encourages responsible driving behavior.

June 2022

Edelweiss General Insurance launched a telematics-based motor insurance product called “SWITCH.” This policy uses technology to track driving patterns and automatically activates insurance coverage when the vehicle is in use. Such digital insurance solutions make motor insurance more flexible, customer-friendly, and convenient. These innovations also reflect the growing adoption of technology in the Indian insurance sector.

1.4 Factors Influencing Consumer Behavior Towards Motor Insurance in India

Consumer behavior towards motor insurance in India is influenced by different economic, social, psychological, and technological factors. These factors affect how consumers select insurance policies, compare insurance companies, and make purchase decisions. Understanding these factors is important for insurance companies to improve customer satisfaction and increase insurance awareness among people.

1. Economic Factors

Economic conditions strongly influence the purchasing decisions of consumers regarding motor insurance. People with higher income levels generally prefer comprehensive insurance policies because they provide wider coverage and additional benefits.

2. Demographic Factors

Demographic factors such as age, gender, education, occupation, and place of residence also influence consumer behavior towards motor insurance. Younger consumers usually prefer affordable and basic insurance plans, while older consumers are more likely to purchase comprehensive coverage due to greater concern about financial risks.

3. Psychological Factors

Psychological factors such as risk perception, trust, and awareness play an important role in motor insurance decisions. Consumers who believe that accidents or vehicle damage are more likely to occur usually prefer wider insurance coverage.

4. Social and Cultural Factors

Social and cultural factors also influence consumer behavior towards motor insurance in India. Family members, friends, colleagues, and peer groups often affect insurance-related decisions. Many people still consider insurance as an additional expense and prefer purchasing it only because it is legally compulsory.

5. Technological Factors

Technology has significantly changed the motor insurance sector in India. The growth of online platforms, mobile applications, and insurance aggregator websites has made it easier for consumers to compare policies, premiums, and coverage options.

6. Legal and Regulatory Factors

Legal and regulatory requirements are important factors influencing motor insurance adoption in India. Under the Motor Vehicles Act, it is compulsory for all vehicle owners to have at least third-party liability insurance.

7. Marketing and Promotional Strategies

Marketing and promotional activities of insurance companies also affect consumer decisions. Advertising campaigns, social media promotions, celebrity endorsements, and brand image help increase customer awareness about insurance products.

CHAPTER-2

LITERATURE REVIEW

CHAPTER -2
LITERATURE REVIEW

The researcher reviewed different studies and research papers related to consumer behavior and motor insurance to understand the important factors affecting customer decisions. The review helped in identifying key variables and understanding previous findings related to motor insurance in India and other countries.

- Martin Eling and Mirko Kraft (2020) studied the use of telematics in the insurance industry and its impact on insurance risks. The study reviewed several research papers published between 2000 and 2019. The researchers concluded that technological developments and data collection methods are changing the way insurance companies assess and manage risks.
- Smith K.A. and other researchers (2019) studied customer retention and claim behavior in the insurance sector. The study found that premium price plays an important role in policy renewal decisions. The researchers also used statistical methods to analyses claim-related data and customer behavior.
- Bian and others (2018) studied usage-based insurance and driver risk classification. The study explained that driving behavior can influence insurance premium calculation. The researchers also developed a model for identifying risky driving patterns.
- Martin Eling and Mirko Kraft (2017) examined the impact of telematics on the insurance market. The study found that although telematics-based insurance has many benefits, there are still challenges related to customer acceptance and data usage.
- Langat and other researchers (2017) studied the factors affecting the adoption of insurance products in developing countries. The research found that economic condition, age, and awareness influence insurance purchasing behavior.
- Das and Rao (2017) studied consumer behavior towards motor insurance policies. The study found that factors such as age, income, marital status, and psychological behavior affect insurance decisions. The researchers also suggested that insurance companies should improve customer awareness and claim settlement services.
- Ariff and Sirajuddin (2016) studied customer perception regarding motor insurance services. The research showed that company reputation, service quality, and customer satisfaction strongly influence insurance preferences.
- Kumar and Vadivel (2016) studied customer awareness towards motor insurance. The study found that the motor insurance sector had improved significantly over the previous decade, especially in terms of customer service and technology adoption.
- Łukasz Karlovics (2016) studied usage-based insurance systems. The research concluded that such insurance models can provide benefits to insurance companies as well as encourage safer driving behavior.
- Dutta and Mitra (2015) analyzed factors affecting the growth of the motor insurance market in India. The study observed that increasing vehicle ownership, better roads, and awareness regarding road safety contributed to market growth.

CHAPTER-3

RESEARCH METHODOLOGY

CHAPTER - 3
RESEARCH METHODOLOGY

3.1 OBJECTIVES OF RESEARCH:

The current study has been conducted in order to accomplish the following objectives:

- To identify key factors that influence consumers' decisions to purchase or renew motor insurance policies.
- To assess consumer awareness and understanding of various types of motor insurance, including third-party and comprehensive coverage.
- To analyses the impact of demographic factors such as age, income, education, and location on consumer preferences.
- To evaluate the role of trust, brand reputation, and claim settlement experience in shaping consumer satisfaction and loyalty.
- To explore the influence of digital platforms, pricing, and marketing strategies on consumer engagement and buying behavior.
- To examine the importance of pre-purchase and post-purchase services, such as policy guidance, customer support, and claim assistance, in shaping consumer perception and long-term satisfaction.

3.2 RESEARCH DESIGN:

The research design for this study is descriptive in nature. Descriptive research helps in understanding and analyzing consumer behavior, preferences, and opinions regarding motor insurance in India. The study focuses on collecting relevant information from respondents to identify important trends and factors influencing their insurance decisions.

3.3 RESEARCH METHODOLOGY:

Data Collection:
A carefully designed, self-structured questionnaire served as the primary data collection instrument for this study. The questionnaire was distributed digitally via Google Forms, enabling respondents from different locations to participate at their own convenience.

Sampling Technique:
Convenience sampling a non-probability technique where participants are selected based on their accessibility and willingness to respond was employed to build the sample.

Sample Size:

For this survey, a total of 100 respondents were chosen.

Duration of the study:
A three-month duration was allocated for collecting information using questionnaires.

Research tools & techniques:
MS-Excel was used as the primary analytical tool throughout this study. The data was processed using frequency analysis and graphical representations to identify patterns, trends, and distributions in the responses gathered on consumer behavior towards motor insurance in India.

References:
The google form link used for collecting survey is
https://forms.gle/Ww85v36NEuQoxUvk7

3.4 LIMITATIONS OF THE STUDY:

Despite the care and effort invested in conducting this research, a few inherent limitations constrained the scope and depth of the study:

- Time Constraints**:** Given the fixed deadline for project submission, the overall scope of study was necessarily limited.
- Sample Size: The study relied on 100 respondents, which, while sufficient for an exploratory study, may not fully capture the diversity of motor insurance consumers across India.
- Accuracy of Responses: As the study relies on self-reported data, there is an inherent risk that some respondents may not have answered with complete accuracy
- Availability of Respondents: Reaching willing and available participants proved challenging, as many potential respondents were unavailable or disengaged. The final sample was therefore shaped by who could realistically be accessed during the data collection window.
- Sampling Method: Convenience sampling, while practical, limits the statistical representativeness of the findings. A probability-based sampling approach would have produced a more robust sample, but was not feasible within the constraints of this study.

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CHAPTER-4

DATA ANALYSIS, INTERPRETATION & FINDINGS

17

CHAPTER – 4
DATA ANALYSIS, INTERPRETATION & FINDINGS

4.1 DATA ANALYSIS & INTERPRETATION

SECTION 1 – DEMOGRAPHICS
AGE DEMOGRAPHICS

Out of 100 respondents:

4

- 2 respondents are below 20 years of age.
- 84 respondents fall within the age range of 20 to 30 years.
- 8 respondents fall within the age range of 31 to 40 years.
- 6 respondents fall within the age range of 41 to 50 years.

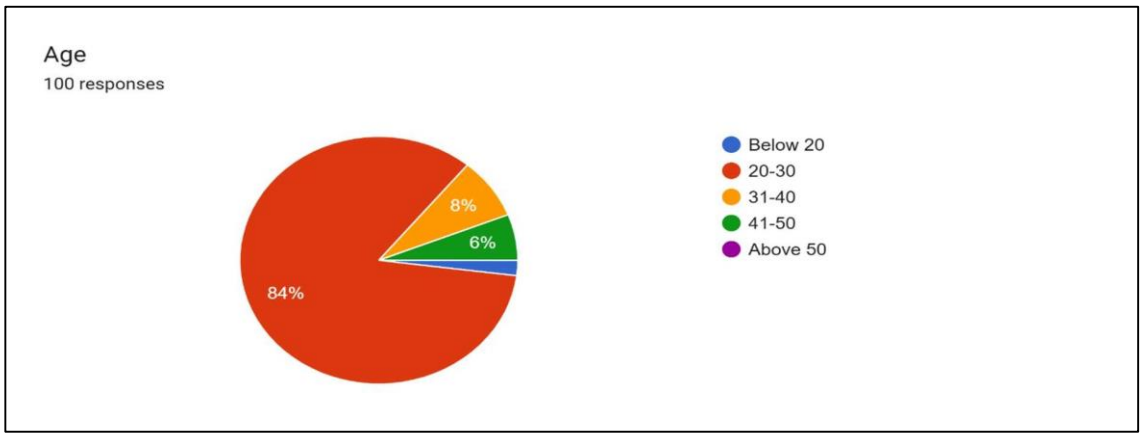


FIGURE 1 AGE ANALYSIS

GENDER DEMOGRAPHICS

Out of 100 respondents:

- 56 respondents are male.
- 44 respondents are female.

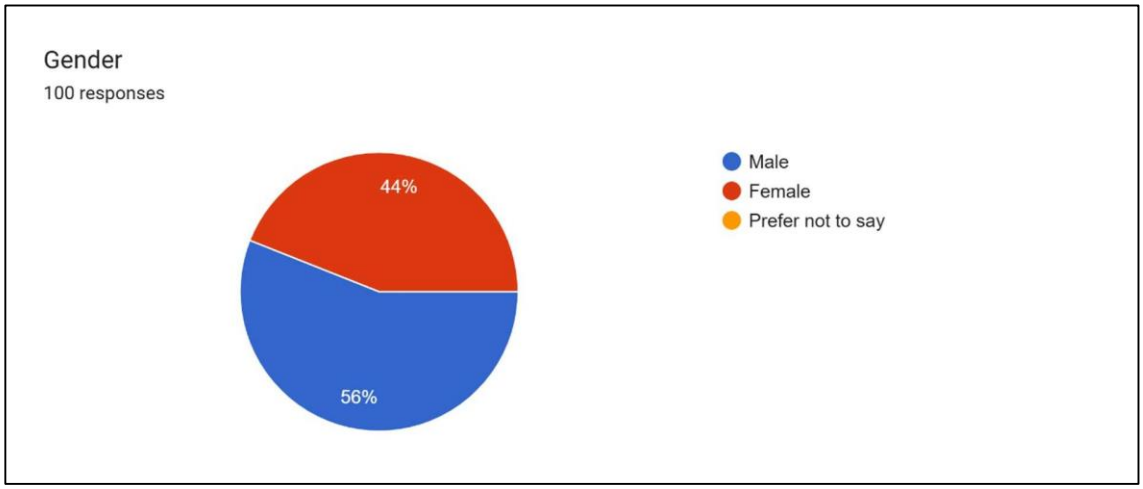


FIGURE 2 GENDER ANALYSIS

OCCUPATION DEMOGRAPHICS

Out of 100 respondents:

- 72 respondents are students.
- 8 respondents are self-employed.
- 13 respondents are salaried employees.
- 7 respondents are business owners.

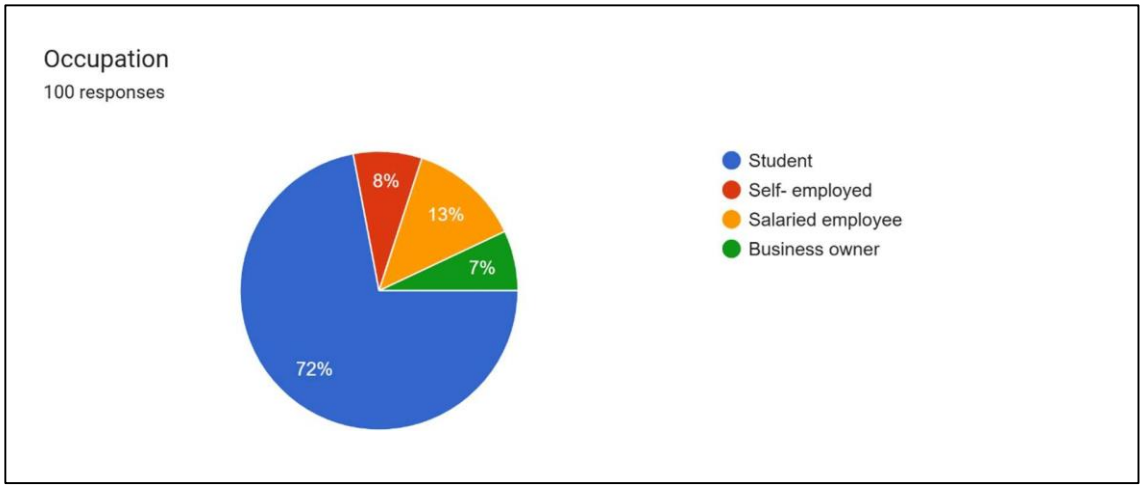


FIGURE 3 OCCUPATIONAL ANALYSIS

ANNUAL INCOME DEMOGRAPHICS

Out of 100 respondents:

- 67 respondents have an annual income below ₹3,00,000.
- 21 respondents fall in the income range of ₹3,00,000 to ₹6,00,000.

- 8 respondents earn between ₹6,00,000 to ₹10,00,000.
- 4 respondents have an income above ₹10,00,000.

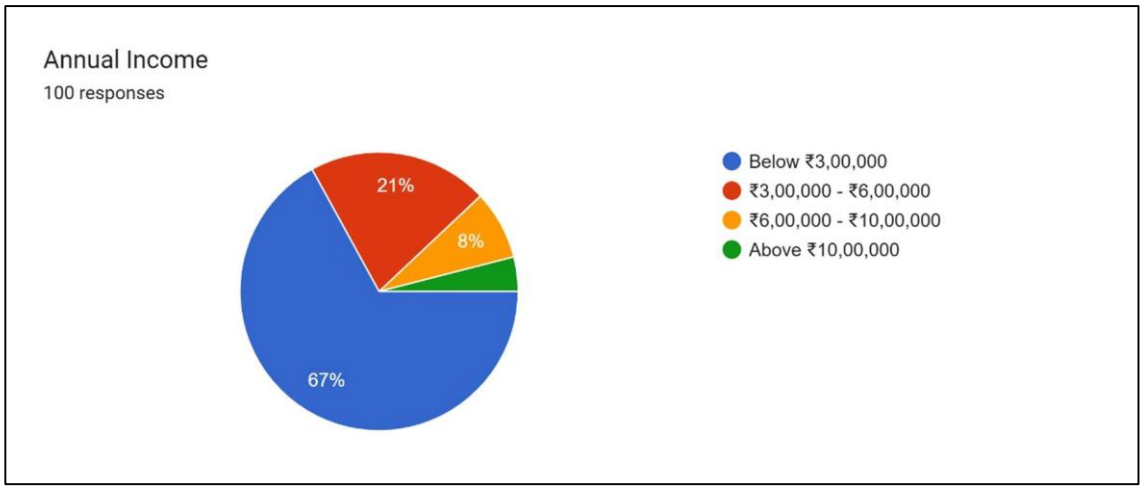


FIGURE 4 ANNUAL INCOME ANALYSIS

Interpretation:

- The majority (67%) of respondents have an annual income below ₹3,00,000, this group is likely to be price-sensitive when choosing motor insurance policies.
- 21% of the respondents fall into the ₹3–6 lakh income bracket, to invest in motor insurance.
- 8% of respondents earn between ₹6–10 lakh annually, for opting for comprehensive insurance plans.
- Only 4% of the respondent's report income above ₹10 lakh, though this group may prioritize premium features and extensive coverage.

SECTION 2 – GENERAL QUESTIONS

What type vehicle do you own?

Out of 100 respondents (multiple responses allowed):

- 76 respondents own a two-wheeler.
- 71 respondents own a car.
- 7 respondents own a commercial vehicle.

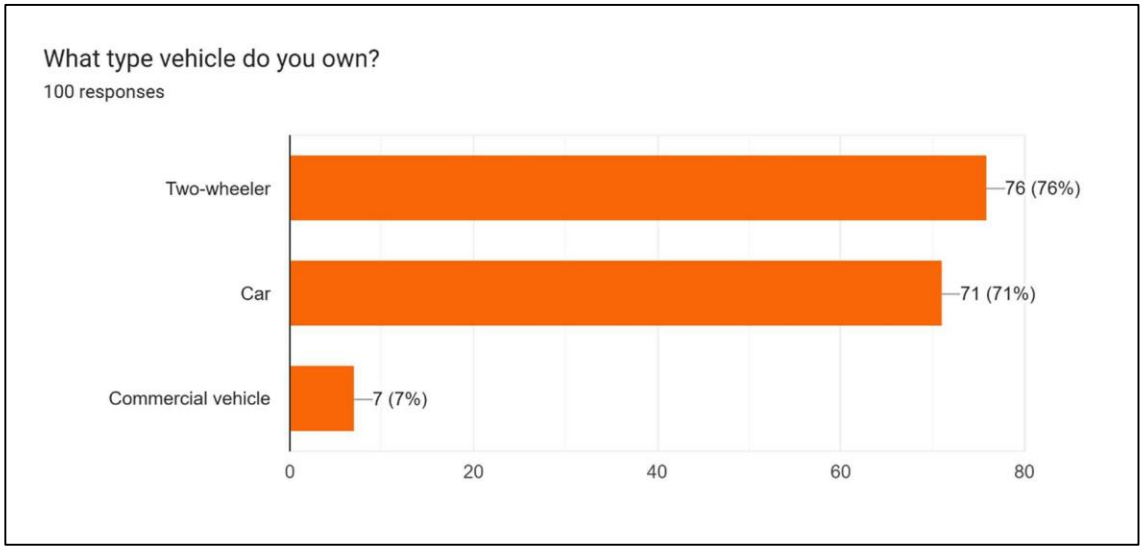


FIGURE 5 TYPE OF VEHICLE ANALYSIS

Are your vehicle insured?

Out of 100 respondents:

- 79 respondents answered “Yes”, their vehicle is insured
- 20 respondents are “Not Sure”
- 1 respondent answered “No”

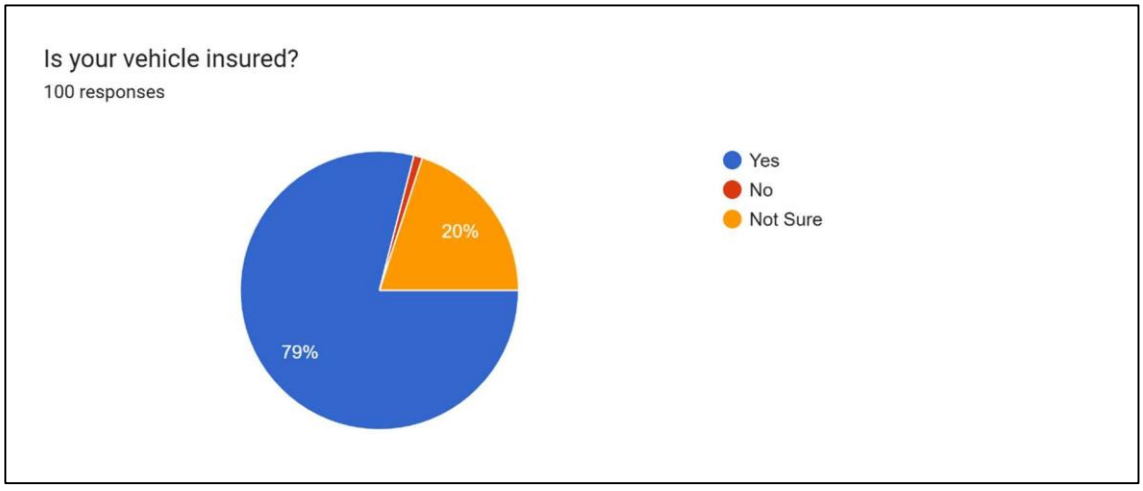


FIGURE 6 INSURANCE STATUS ANALYSIS

Interpretation:

- A majority (79%) of respondents reported that their vehicle is insured, indicating a strong level of awareness and compliance with motor insurance regulations.

- 20% of respondents are unsure whether their vehicle is insured, which suggests a lack of clarity or involvement—likely among dependent users such as students or individuals who do not directly manage vehicle-related paperwork.
- Only 1% of respondents confirmed that their vehicle is not insured, reflecting a very low rate of non-compliance, which may either point to legal awareness or cautious behavior towards risk.

If yes, what type of motor insurance do you have?

Out of 100 respondents:

- 27 respondents have Third-Party Insurance.
- 41 respondents have Comprehensive Insurance.
- 32 respondents are Not Sure about their insurance type.

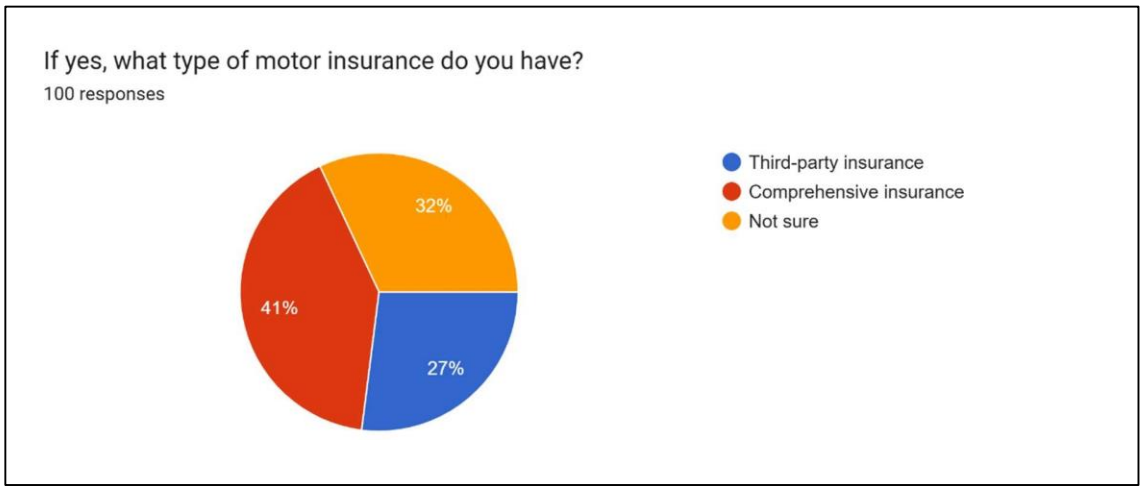


FIGURE 7 TYPE OF INSURANCE POLICY ANALYSIS

Where did you purchase your motor insurance?

Out of 100 respondents:

- 42 respondents purchased insurance through an agent or broker.
- 27 respondents purchased insurance online.
- 31 respondents purchased insurance through vehicle dealerships.

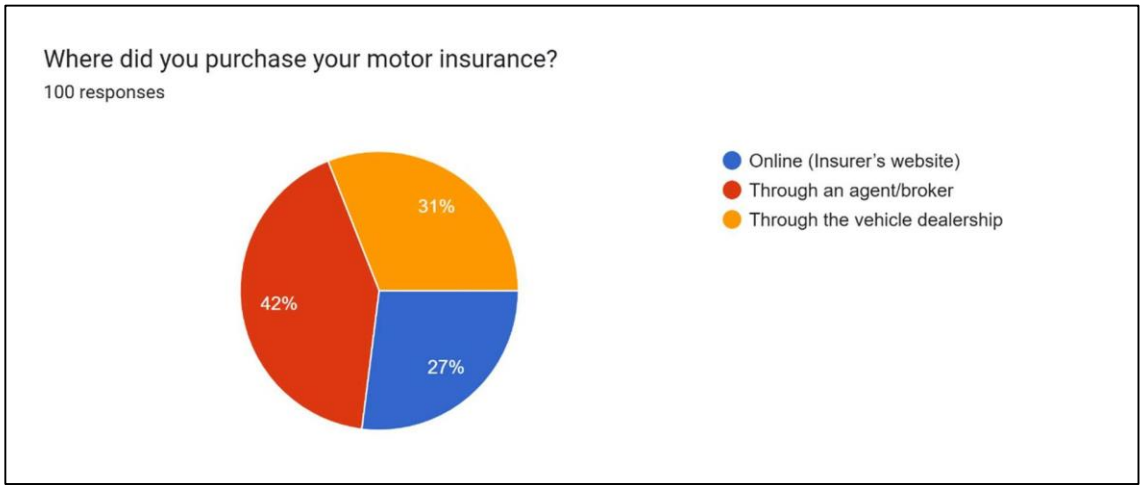


FIGURE 8 INSURANCE PURCHASE CHANNEL ANALYSIS

Which insurance company are you insured with?

Out of 100 respondents:

- 19 respondents are insured with a Public Sector Insurance Company (e.g., New India Assurance, Oriental Insurance).
- 57 respondents are insured with a Private Sector Insurance Company (e.g., ICICI Lombard, Bajaj Allianz, SBI General, HDFC ERGO).
- 24 respondents are Not Sure about the insurer they are covered under.

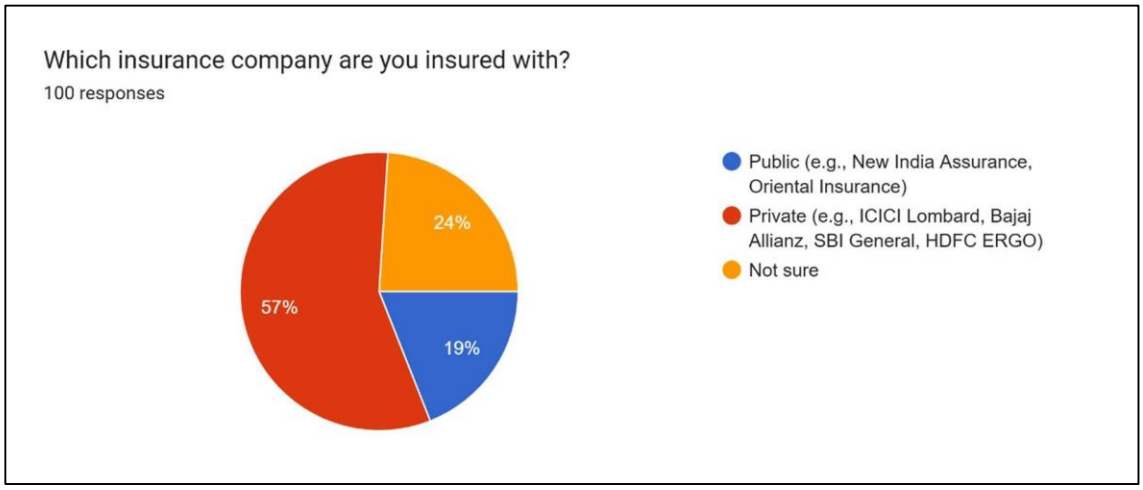


FIGURE 9 INSURED COMPANY ANALYSIS

Interpretation:

This analysis highlights the dominance of private players in the market, while also underlining the need for increased consumer awareness and education regarding their insurance providers.

How often do you renew your motor insurance?

Out of 100 respondents:

- 47 respondents renew their insurance every year on time.
- 16 respondents renew it occasionally late.
- 19 respondents renew it only when required (e.g., for legal compliance).
- 18 respondents have never renewed their motor insurance.

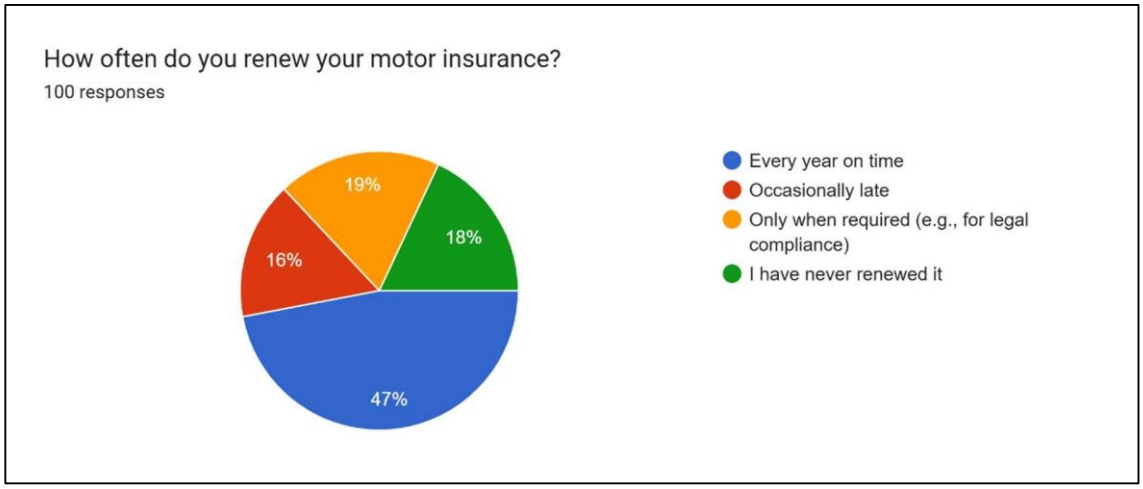


FIGURE 10 INSURANCE RENEWAL FREQUENCY ANALYSIS

Interpretation:

Overall, the data underscores the importance of awareness campaigns and automated renewal reminders, especially for those who are inconsistent or unaware of the benefits of timely renewal.

What factors influenced your choice of motor insurance?

Out of 100 respondents (multiple responses allowed):

- 57 respondents chose Premium Cost as a deciding factor.
- 38 respondents considered Brand Reputation.
- 57 respondents valued Coverage & Benefits.
- 48 respondents prioritized the Claim Settlement Process.
- 33 respondents were influenced by Recommendations from Friends/Family.
- 12 respondents referred to Online Reviews.

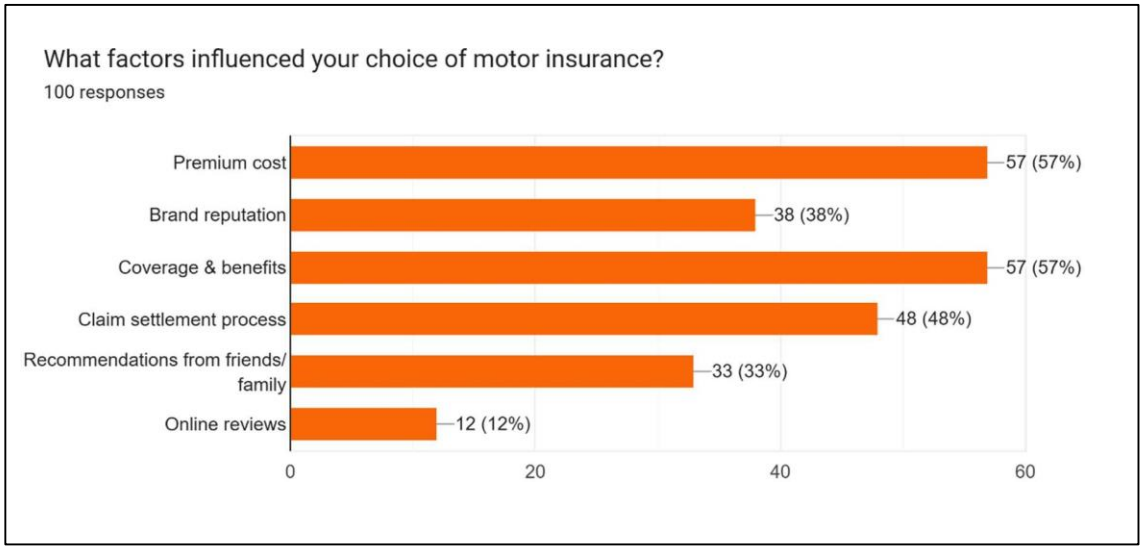


FIGURE 11 FACTORS INFULENCING CHOICE OF INSURANCE

Interpretation:

Overall, the data suggests that while cost and coverage remain key priorities, service quality and personal trust are increasingly shaping consumer behavior in motor insurance decisions.

Would you be interested in a Pay-As-You-Drive (PAYD) motor insurance policy, where the premium is based on the distance you drive?

Out of 100 respondents:

- 42 respondents said Yes, it seems cost-effective.
- 18 respondents said No, they prefer standard fixed premiums.
- 18 respondents said Maybe, they need more information.
- 22 respondents said they are not aware of PAYD.

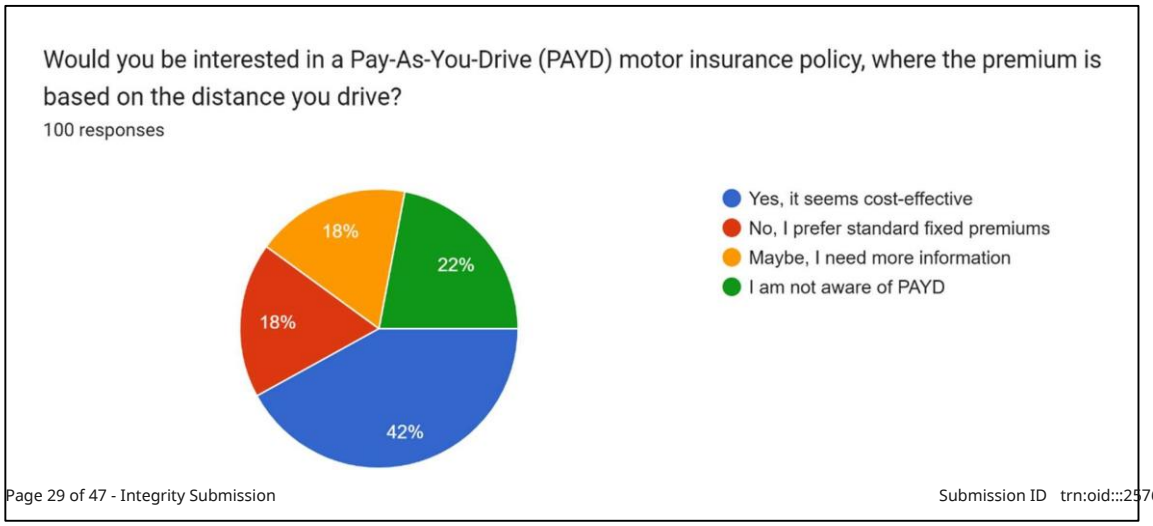


FIGURE 12 INTEREST IN PAY-AS-YOU-DRIVE ANALYSIS

Interpretation:

Overall, while there is positive initial receptiveness, a large share of respondents either lack awareness or are undecided, indicating that consumer education is crucial for wider adoption of PAYD motor insurance in India.

Are you open to a Pay-How-You-Drive (PHYD) insurance plan, where your premium depends on driving behavior (like speed, braking, acceleration)?

Out of 100 respondents:

- 34 respondents said Yes, they believe it promotes safe driving.
- 23 respondents said No, they do not want their driving behavior to be monitored.
- 22 respondents said Maybe, depending on the discount offered.
- 21 respondents are not aware of PHYD insurance.

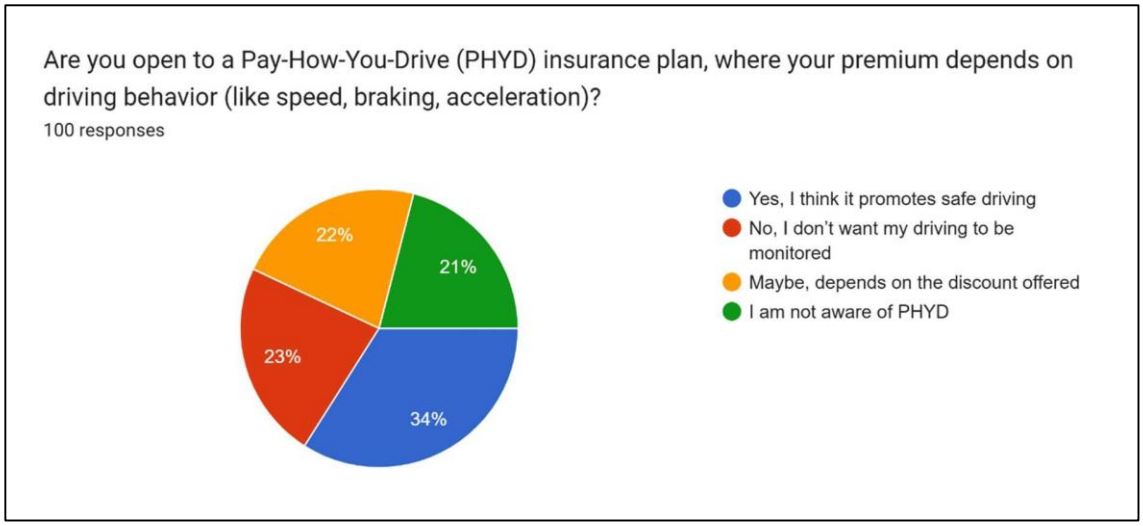


FIGURE 13 INTERST IN PAY-HOW-YOU-DRIVE ANALYSIS

Interpretation:

Overall, while PHYD insurance has a promising share of early supporters, concerns around monitoring and lack of awareness may hinder wider adoption unless proactively addressed by insurers.

Which type of additional coverage do you prefer?

Out of 100 respondents (multiple responses allowed):

- 56 respondents prefer Zero Depreciation Cover.
- 40 respondents prefer Engine Protection.
- 45 respondents prefer Roadside Assistance.
- 59 respondents prefer Personal Accident Cover.
- 39 respondents prefer No-Claim Bonus (NCB) Protection.

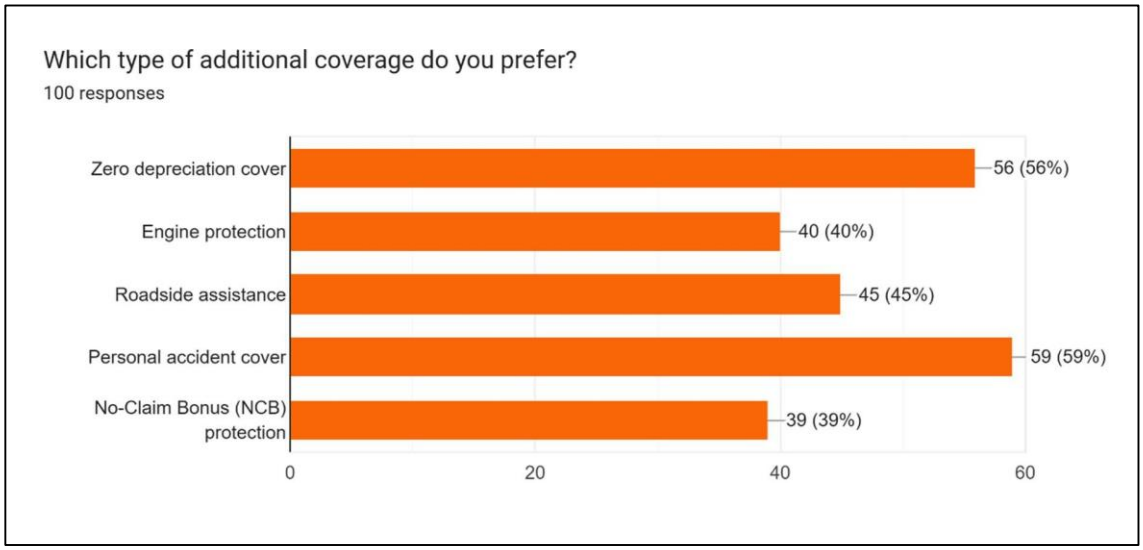


FIGURE 14 PREFERRED ADD ONS ANALYSIS

Interpretation:

The data suggests that consumers are inclined toward comprehensive and value-added protection, blending financial benefits with safety and service-based covers. This shows a maturing understanding of motor insurance beyond just basic legal compliance.

How satisfied were you with the claim settlement process?

Out of 57 respondents:

- The average rating given was 3.39 out of 5.

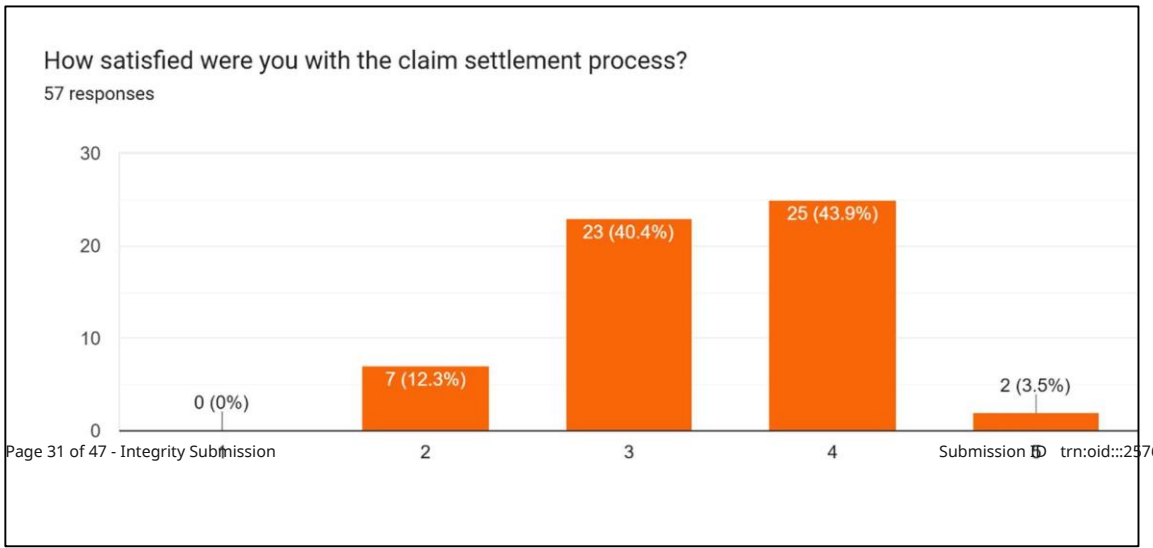


FIGURE 15 SATISFACTION WITH CLAIM SETTLEMENT ANALYSIS

Interpretation:

It is noteworthy that 6 respondents, despite having never initiated a claim, provided responses to this question, indicating a potential lack of attention or awareness regarding the claim settlement process.

This insight aligns with previous responses where claim settlement process was rated as an important factor in choosing an insurance provider, reaffirming its influence on customer retention and brand trust.

What is your biggest concern when filing a motor insurance claim?

Out of 57 respondents:

- 18 respondents were concerned about a Delayed Settlement Process.
- 15 respondents pointed to Hidden Terms and Conditions.
- 8 respondents faced issues with Partial Claim Approval.
- 16 respondents cited Difficulty in Reaching Customer Support.

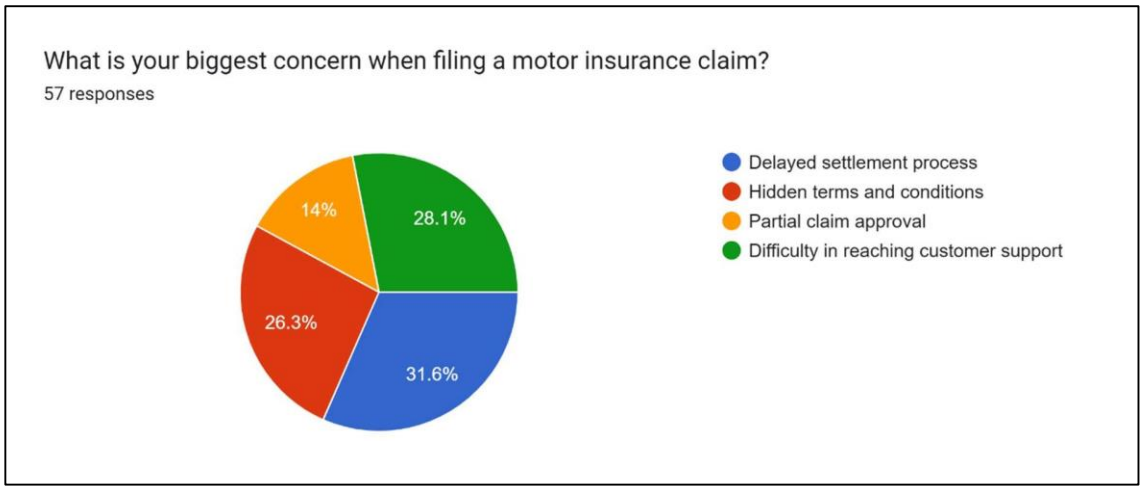


FIGURE 16 BIGGEST CONCERN WHILE FILLING CLAIM

What would make you switch insurers?

Out of 100 respondents (multiple responses allowed):

- 58 respondents would switch for a Lower Premium.
- 47 respondents for Better Coverage Options.
- 41 respondents for Faster Claim Settlement.
- 38 respondents for Better Customer Service.
- 31 respondents for Additional Discounts & Benefits.

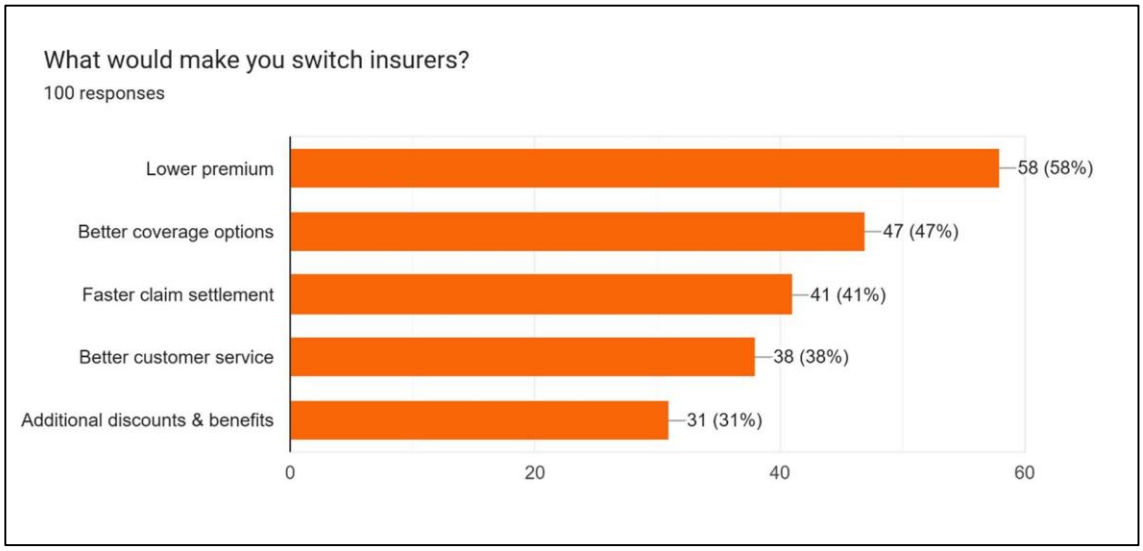


FIGURE 17 FACTORS INFLUENCE IN SWITCHING INSURANCE PROVIDER

Would you be comfortable purchasing or renewing your motor insurance online in the future?

Out of 100 respondents:

- 46 respondents said Yes, they would be comfortable.
- 20 respondents said No, they would not.
- 34 respondents said Maybe.

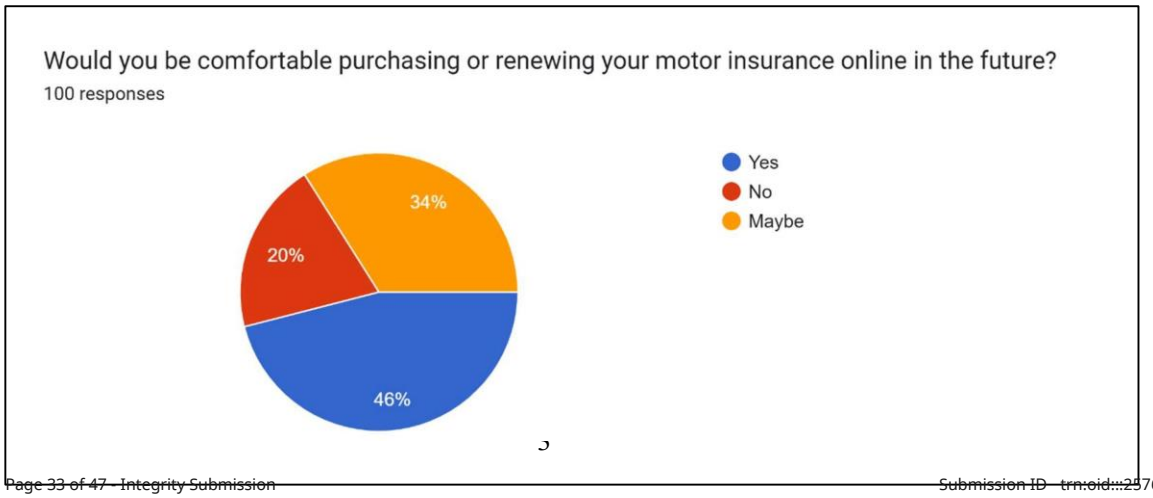


FIGURE 18 WILLINGNESS TO PURCHASE/RENEW ONLINE IN FUTURE

Do you consider motor insurance as a necessity or a legal compulsion?

Out of 100 respondents:

- 18 respondents consider it a Necessity.
- 31 respondents view it as a Legal Requirement Only.
- 40 respondents believe it is Both a Necessity and a Legal Requirement.
- 11 respondents are Not Sure.

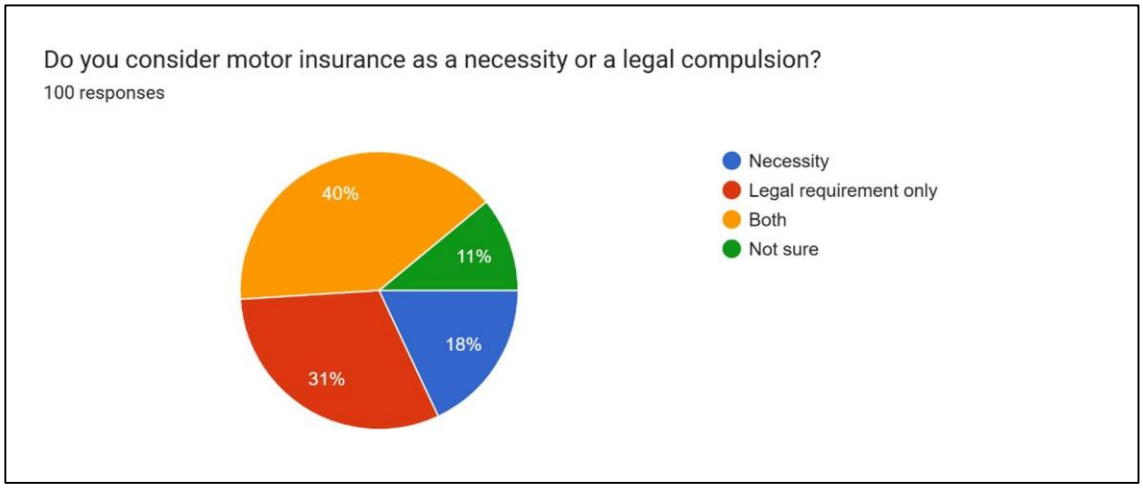


FIGURE 19 INSURANCE PERCEPTION ANALYSIS

Interpretation:

This data reveals the need for educational initiatives and awareness campaigns that shift perceptions from obligation to value-driven participation, helping consumers see insurance as a tool for risk protection and financial security, not just legal compliance.

What, in your opinion, is the main benefit of having motor insurance?

Out of 100 respondents:

- 36 respondents believe the main benefit is Financial Protection from Accidents/Damages.
- 31 respondents see it primarily as Compliance with Legal Requirements.
- 21 respondents consider Roadside/Emergency Assistance as the key benefit.
- 12 respondents feel that Motor Insurance doesn't offer much benefit.

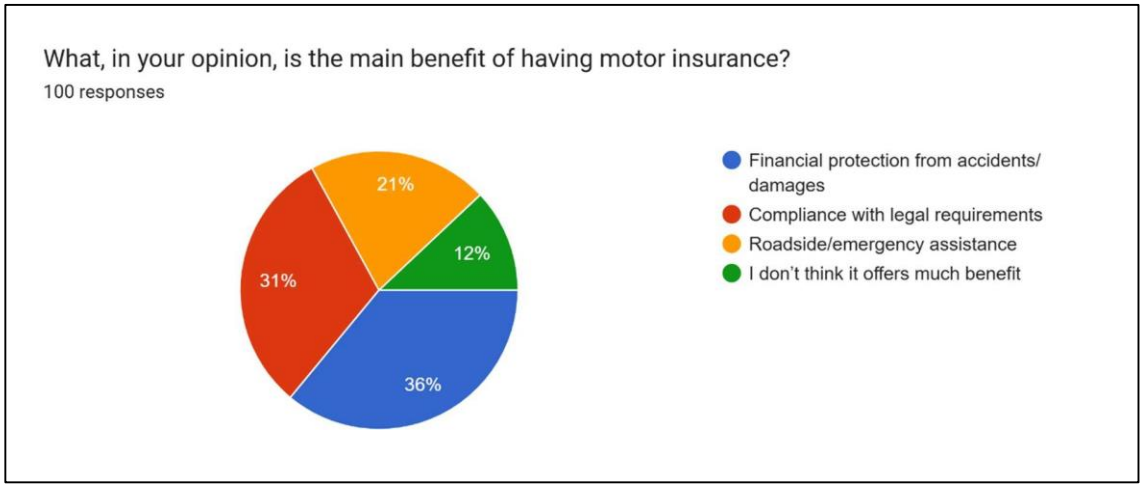


FIGURE 20 MAIN BENEFIT OF HAVING MOTOR INSURANCE – ANALYSIS

4.2 FINDINGS

Based on the analysis conducted on various aspects of "Consumer Behavior towards Motor Insurance in India", several key findings emerge:

- **Demographic Concentration:**
  The majority of respondents (84%) fall in the 20–30 age group, indicating that young adults dominate the consumer base for motor insurance. The gender ratio is fairly balanced with 56% male and 44% female respondents.

- **Occupation & Income Influence:**
  A large portion of respondents (72%) are students, while salaried individuals and business owners make up a smaller share. Correspondingly, 67% of participants have an annual income below ₹3,00,000, which may influence preferences for affordable and minimal coverage plans.

- **Vehicle Ownership Trends:**
  Two-wheelers (76%) and cars (71%) are the most commonly owned vehicles, while commercial vehicles are owned by only a few (7%). This reflects the personal use orientation of most respondents.

- **Insurance Awareness & Coverage:**
  79% of respondents confirmed their vehicle is insured, but 32% were unsure about the type of coverage they possess. This highlights a significant lack of awareness regarding policy details.

- **Mode of Purchase:**
  The most common channel for purchasing insurance is through agents or

brokers (42%), followed by vehicle dealerships (31%) and online platforms (27%). Traditional channels are still preferred, though digital usage is emerging.

- **Renewal Behavior:**
  While 47% of respondents renew their insurance on time annually, 18% have never renewed, and 19% only renew for compliance, suggesting low engagement beyond legal obligation.

- **Perceived Benefits:**
  Most respondents (36%) see financial protection as the main benefit, but a notable 31% consider it just a legal formality, and 12% don't see much value, revealing mixed perceptions about insurance utility.

- **Switching Triggers:**
  Consumers are willing to switch insurers for lower premiums (58%), better coverage (47%), and faster claim settlement (41%), showing that cost and efficiency drive switching behavior.

- **Claim Settlement Experience:**
  The average satisfaction rating with the claim settlement process is 3.39 out of 5, and 6 respondents reported giving a rating despite never filing a claim, suggesting a degree of uninformed or casual feedback.

- **Concerns in Claims:**
  Key concerns include delayed settlement (18 responses) and difficulty reaching customer support (16), indicating the need for process improvements and responsive communication channels.

- **Policy Understanding:**
  Only 14% understand their policy coverage very well, while 47% admitted to limited or no understanding, revealing a critical gap in consumer education regarding insurance terms.

- **Preference for Innovation:**
  42% showed interest in Pay-As-You-Drive (PAYD) and 34% in Pay-How-You-Drive (PHYD) models, indicating a growing openness to personalized, usage-based insurance options.

CHAPTER-5
SUGGESTIONS AND CONCLUSION

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SUGGESTIONS AND CONCLUSIONS

5.1 SUGGESTIONS

1. Increasing Consumer Awareness about Insurance Policies

12 Insurance companies should focus on improving consumer awareness regarding motor insurance policies. Policy documents should be written in simple language so that customers can easily understand coverage, exclusions, and claim procedures.

2. Improving Digital Services and Online Platforms

As more consumers are using online platforms, insurance companies should provide simple and user-friendly digital services. Customers should be able to purchase, renew, and track claims online without difficulty.

3. Providing Clear Information about Insurance Coverage

Many consumers are not fully aware of the difference between third-party insurance, comprehensive insurance, and add-on covers. Insurance companies should clearly explain policy options before and after policy purchase.

4. Simplifying the Claim Settlement Process

Claim settlement is one of the most important aspects of motor insurance. Insurance companies should reduce delays in claim processing and make the procedure more transparent.

5. Introducing Innovative Insurance Models

Insurance companies should encourage the use of innovative insurance models such as Pay-As-You-Drive (PAYD) and Pay-How-You-Drive (PHYD).

6. Improving Customer Service Quality

Good customer service plays an important role in customer satisfaction and policy renewal.

7. Focusing on Young Consumers and First-Time Buyers

Young consumers and first-time vehicle owners are becoming an important customer segment in the insurance market.

8. Maintaining Transparency in Insurance Sales

Insurance companies should maintain transparency while selling insurance products. Policy terms, conditions, exclusions, and additional charges should be clearly communicated to customers. Transparent communication helps build customer confidence and reduces dissatisfaction in the future.

5.2 CONCLUSION

This study examined consumer behavior towards motor insurance in India using responses collected from 100 respondents belonging to different backgrounds. The study found that most consumers consider motor insurance important, but many policyholders still do not have complete knowledge about policy coverage, add-on benefits, and claim procedures.

Motor insurance has become essential in India due to increasing road accidents, vehicle ownership, and legal requirements under the Motor Vehicles Act. Third-party insurance is compulsory for all vehicle owners, while comprehensive insurance provides additional financial protection against vehicle damage, theft, natural disasters, and other risks.

The findings of the study show that factors such as premium amount, company reputation, coverage benefits, and customer service strongly influence consumer decisions while purchasing motor insurance policies. The study also observed that online platforms and digital services are becoming increasingly popular, especially among younger consumers. However, many customers still prefer purchasing insurance through agents and dealerships because of personal guidance and trust.

The research further revealed that awareness regarding add-on covers and claim settlement procedures is still limited among many consumers. Delays in claim settlement and poor customer support are some common issues faced by policyholders. Therefore, insurance companies should focus on improving customer awareness, simplifying policy information, and providing faster and more transparent claim services.

Overall, the study concludes that customer satisfaction, digital convenience, transparency, and quality service are important for the growth of the motor insurance sector in India. Insurance companies that understand customer needs and provide reliable services are more likely to build long-term customer relationships and improve their market position in the future.

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ANNEXURE (QUESTIONNAIRE)

Consumer Behaviour towards Motor Insurance in India

This survey aims to understand customer preferences, awareness, and behaviour regarding motor insurance in India. Your responses are used for academic research purposes only.

* Indicates required question

1. Name *

2. Age *

Mark only one oval.

- ◯ Below 20
- ◯ 20-30
- ◯ 31-40
- ◯ 41-50
- ◯ Above 50

3. Gender *

Mark only one oval.

- ◯ Male
- ◯ Female
- ◯ Prefer not to say

4. Occupation *

Mark only one oval.

- ◯ Student
- ◯ Self- employed
- ◯ Salaried employee
- ◯ Business owner
- ◯ Other: _____

5. Annual Income *

Mark only one oval.

- ◯ Below ₹3,00,000
- ◯ ₹3,00,000 - ₹6,00,000
- ◯ ₹6,00,000 - ₹10,00,000
- ◯ Above ₹10,00,000

Questions

All questions are compulsory

6. What type vehicle do you own? *

Check all that apply.

- ☐ Two-wheeler
- ☐ Car
- ☐ Commercial vehicle

7. Is your vehicle insured? *

Mark only one oval.

- ◯ Yes
- ◯ No
- ◯ Not Sure

8. If yes, what type of motor insurance do you have? *

Mark only one oval.

- ◯ Third-party insurance
- ◯ Comprehensive insurance
- ◯ Not sure

9. Where did you purchase your motor insurance? *

Mark only one oval.

- ◯ Online (Insurer's website)
- ◯ Through an agent/broker
- ◯ Through the vehicle dealership
- ◯ Other: _____

10. Which insurance company are you insured with? *

Mark only one oval.

- ◯ Public (e.g., New India Assurance, Oriental Insurance)
- ◯ Private (e.g., ICICI Lombard, Bajaj Allianz, SBI General, HDFC ERGO)
- ◯ Not sure

11. How often do you renew your motor insurance? *

Mark only one oval.

- ◯ Every year on time
- ◯ Occasionally late
- ◯ Only when required (e.g., for legal compliance)
- ◯ I have never renewed it

12. What factors influenced your choice of motor insurance? *

Check all that apply.

- ☐ Premium cost
- ☐ Brand reputation
- ☐ Coverage & benefits
- ☐ Claim settlement process
- ☐ Recommendations from friends/family
- ☐ Online reviews

13. Would you be interested in a Pay-As-You-Drive (PAYD) motor insurance policy, where the premium is based on the distance you drive? *

Mark only one oval.

- ◯ Yes, it seems cost-effective
- ◯ No, I prefer standard fixed premiums
- ◯ Maybe, I need more information
- ◯ I am not aware of PAYD

14. Are you open to a Pay-How-You-Drive (PHYD) insurance plan, where your premium depends on driving behavior (like speed, braking, acceleration)? *

Mark only one oval.

- ◯ Yes, I think it promotes safe driving
- ◯ No, I don't want my driving to be monitored
- ◯ Maybe, depends on the discount offered
- ◯ I am not aware of PHYD

15. Which type of additional coverage do you prefer? *

Check all that apply.

- ☐ Zero depreciation cover
- ☐ Engine protection
- ☐ Roadside assistance
- ☐ Personal accident cover
- ☐ No-Claim Bonus (NCB) protection

16. Have you ever made a claim on your motor insurance? *

Mark only one oval.

- ◯ Yes
- ◯ No

17. How satisfied were you with the claim settlement process?

1 2 3 4 5

☆ ☆ ☆ ☆ ☆

18. What is your biggest concern when filing a motor insurance claim?

Mark only one oval.

- ◯ Delayed settlement process
- ◯ Hidden terms and conditions
- ◯ Partial claim approval
- ◯ Difficulty in reaching customer support

19. What would make you switch insurers? *

Check all that apply.

- ☐ Lower premium
- ☐ Better coverage options
- ☐ Faster claim settlement
- ☐ Better customer service
- ☐ Additional discounts & benefits

20. Would you be comfortable purchasing or renewing your motor insurance online in the future? *

Mark only one oval.

- ◯ Yes
- ◯ No
- ◯ Maybe

21. Do you consider motor insurance as a necessity or a legal compulsion? *

Mark only one oval.

- Necessity
- Legal requirement only
- Both
- Not sure

22. What, in your opinion, is the main benefit of having motor insurance? *

Mark only one oval.

- Financial protection from accidents/damages
- Compliance with legal requirements
- Roadside/emergency assistance
- I don't think it offers much benefit

23. How well do you understand your motor insurance policy coverage? *

Mark only one oval.

- Very well
- Somewhat
- Not much
- Not at all

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