Factors Influencing Consumer Selection of Term Insurance Plans: An Empirical Study of Haryana, India

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Abstract
This study investigates the factors influencing consumer selection of term insurance plans among 600 respondents from four zones of Haryana, India (Rohtak, Gurugram, Hisar, and Ambala). Using a structured questionnaire with 18 selection factors rated on a five-point importance scale, the study identifies and ranks the key determinants of term insurance plan selection. The overall mean factor importance score was 3.826 (SD = 0.946), significantly above the neutral value of 3 ($t(599) = 96.021$, $p < .001$). Claim settlement record emerged as the most critical factor (Mean = 4.102), followed by simplicity/transparency of policy wording (Mean = 3.998), agent advice (Mean = 3.993), customer service quality (Mean = 3.977), and premium payment flexibility (Mean = 3.928). The 18 factors were classified into three tiers: Tier 1 (Very Important, Mean ≥ 3.95) comprising 4 factors dominated by trust and service dimensions; Tier 2 (Moderately-Very Important, 3.75–3.94) comprising 10 factors covering premium, coverage, and convenience dimensions; and Tier 3 (Moderately Important, Mean < 3.75) comprising 4 factors related to external influences and tax considerations. Insurer preference analysis revealed that 34.17 per cent of respondents would choose LIC/public sector insurers even with comparable plans, while 26.67 per cent preferred private insurers. The primary barriers to purchasing adequate term coverage were lack of awareness (23.67%) and premium affordability concerns (20.33%). The findings indicate that term insurance selection is primarily driven by trust-and-service factors rather than price or product features, with significant implications for insurance marketing and product development strategies.

Keywords: Term insurance, consumer behaviour, selection factors, claim settlement, insurance awareness, Haryana, India

1. Introduction

Term insurance represents the purest form of life insurance protection, offering a specified life cover for a defined period at a relatively low premium compared to savings-linked insurance products. Unlike endowment or money-back policies, term insurance provides no maturity benefit; its entire value is realised only upon the death of the insured, making the insurer's claim settlement capability the paramount consideration for consumers. In India, despite the growing awareness of life insurance, term insurance penetration remains disproportionately low relative to overall life insurance coverage, indicating a significant gap between general insurance awareness and specific understanding of term insurance products. The Indian life insurance industry has undergone significant transformation since market liberalisation in 2000–01, evolving from a state monopoly (Life Insurance Corporation of India, LIC) to a competitive market with 24 companies (1 public sector, 23 private sector). This structural change has introduced greater product diversity, competitive pricing, and innovative distribution channels. However, consumer decision-making in selecting term insurance plans remains complex, influenced by multiple factors spanning product attributes, company characteristics, service quality, and external influences (Santhosh, 2021).

Understanding the factors that influence consumer selection of term insurance plans is critical for multiple stakeholders. For insurance companies, such knowledge informs product design, pricing strategies, distribution channel optimisation, and marketing communication. For regulators such as the Insurance Regulatory and Development Authority of India (IRDAI), understanding consumer priorities aids in designing consumer protection frameworks. For policymakers, identifying barriers to term insurance uptake supports initiatives for financial inclusion and insurance penetration. Previous research has examined various aspects of insurance purchase behaviour in India. Santhosh (2021) identified product-specific, company-specific, and service-specific factors in selecting life insurance providers. Prajapati and Jetawat (2022) found that demographic factors significantly influenced life insurance purchase decisions across age groups in Gujarat. Sneha (2020) established that income and financial literacy levels positively correlated with investment in life insurance policies. However, there is limited research that comprehensively examines and ranks the multitude of factors influencing term insurance selection specifically, particularly in the context of Haryana, a state with significant economic activity but under-researched insurance behaviour.

This study addresses this gap by examining 18 selection factors rated by 600 respondents from four geographical zones of Haryana. The objectives are: (1) to identify and rank the factors considered important by consumers while selecting term insurance plans, (2) to classify factors into importance tiers, (3) to examine demographic variations in factor importance, and (4) to test whether respondents rate selection factors significantly above the neutral importance level. The study employs descriptive statistics, ranking analysis, tier classification, and one-sample t-testing to achieve these objectives.

2. Literature Review

2.1 Consumer Decision-Making in Insurance Purchase

The purchase of insurance is a complex consumer decision involving multiple dimensions of evaluation. Unlike tangible goods, insurance products are intangible, with value realised only upon the occurrence of an insured event. This characteristic amplifies the importance of trust, reputation, and perceived reliability in the consumer's evaluation process (Ali & Tausif, 2018). The multi-attribute decision-making framework, commonly applied to complex financial products, posits that consumers evaluate multiple attributes simultaneously, with the relative importance of each attribute varying across individuals and contexts. Ali and Tausif (2018) investigated the linkages between service quality, customer satisfaction, and profitability in Saudi Arabia's insurance industry, demonstrating that service quality dimensions, including reliability, responsiveness, and assurance, significantly influenced customer satisfaction and, consequently, profitability. Almohaimmeed (2019) examined customer retention in the Saudi Arabian insurance industry, finding that customer satisfaction was a critical predictor of customer loyalty and profitability, with service quality, trust, and effective communication identified as vital determinants.

2.2 Factors Influencing Insurance Selection in India

In the Indian context, several studies have examined the factors influencing life insurance purchase decisions. Santhosh (2021) conducted a comparative study between public and private sector companies on factors affecting selection of life insurance service providers. The study concluded that consumer decisions were influenced by trust, brand reputation, product diversity, and quality of service. Public sector companies, particularly LIC, were preferred for reliability and government support, while private sector companies were selected for innovative products and excellent customer service. Prajapati and Jetawat (2022) studied the factors affecting customers' decisions to buy life insurance products with emphasis on age groups in Gujarat. Using chi-square analysis, they found that premium cost, coverage benefits, and company reputation were important to different age groups, with younger customers more concerned about price and older customers more interested in coverage and reliability. Sahoo, Misra and Ray (2019) used the SERVQUAL model to study customer perceptions of service quality, determining that reliability and assurance were the most important dimensions affecting satisfaction. Sneha (2020) studied determinants affecting investment decisions on life insurance policies, finding that income and financial literacy levels positively correlated with life insurance investment, while security and trustworthiness of the insurance company were key factors in consumer choices. Muhammad (2019) examined the marketing mix in life insurance, revealing that all components (product, price, place, promotion, people, process, and physical evidence) significantly impacted purchase decisions, with product quality and customer service having the highest impact.

2.3 Awareness and Perceived Importance of Term Insurance

The relationship between awareness and purchase behaviour is critical in insurance markets. Ajar (2024) investigated community characteristics and perceptions towards health and life insurance in rural Indonesia, finding that income level, education, and awareness significantly impacted insurance penetration. The study identified government trust and outreach initiatives as advantages for public sector insurers, while private providers made strides in customised products and digital accessibility. Jain and Seth (2019) highlighted that awareness is one of the key determinants affecting the growth of the insurance sector in India, with a majority of the population remaining unaware of basic insurance concepts. Yadav and Suryavanshi (2021) noted that the COVID-19 pandemic accentuated the role of financial planning through life insurance but awareness gaps persisted. Sethi et al. (2024) examined changing policyholder attitudes in Odisha, identifying demographic changes, growing financial literacy, and digitalisation as significant factors influencing behaviour.

2.4 Public-Private Sector Comparisons and Consumer Preference

The competitive dynamics between public and private sector insurers significantly influence consumer choice. Kumar and Kohli (2021) compared performance metrics and found that private companies often exceeded in profitability and growth rates, while LIC performed better in claim settlement ratios and customer satisfaction. Paposa, Ukinkar and Paposa (2019) examined differences in service quality perceptions based on demographic profiles, finding that younger customers valued digital services while older customers prioritised personalised service and trustworthiness.

2.5 Research Gap

While previous studies have examined insurance purchase decisions broadly, there is limited research specifically focused on term insurance selection factors with a comprehensive multi-factor ranking approach in the Haryana context. This study fills this gap by examining 18 selection factors across trust, service, product, and external dimensions, providing a tiered classification of factor importance and examining demographic variations.

3. Research Methodology

3.1 Research Design

This study employs a quantitative, cross-sectional, descriptive research design. The design is cross-sectional as each respondent provided data at a single point in time during the survey period. The design is descriptive as it describes the factor importance ratings, rankings, and demographic variations among respondents. A post-positivist quantitative approach is adopted, treating questionnaire responses as observable evidence that can be organised, compared, and tested through explicit statistical rules.

3.2 Population and Sampling

The target population comprised adults in Haryana who purchase or are prospective buyers of life insurance products. The sample of N = 600 was determined using Cochran's formula for estimating proportions in a large population, with p = 0.50 (maximising variance) and a margin of error of 4 per cent at 95 per cent confidence level. The sample was equally allocated across four geographical zones (Rohtak, Gurugram, Hisar, and Ambala) with 150 respondents per zone, using stratified field sampling. The equal allocation ensures balanced geographical representation and facilitates inter-zone comparison on a common base.

3.3 Data Collection Instrument

Data were collected using a structured questionnaire divided into six sections: Section A (Socio-economic profile: 8 items), Section B (Existing insurance profile: 5 items), Section C (Awareness about term insurance: 12 items), Section D (Perceived importance of term insurance: 10 items), Section E (Selection factors: 18 items), and Section F (Preference and decision behaviour: 5 items). The 18 selection factors in Section E were rated on a 5-point importance scale (1 = Not Important, 2 = Slightly Important, 3 = Moderately Important, 4 = Very Important, 5 = Extremely Important). Items were constructed without actuarial terminology, with technical concepts explained in simple terms.

3.4 Statistical Techniques

The following statistical techniques were employed: (a) Descriptive statistics (means, standard deviations, frequency distributions) for factor importance ratings, (b) Factor ranking based on mean importance scores, (c) Tier classification of factors into three categories (Tier 1: Mean ≥ 3.95, Tier 2: 3.75–3.94, Tier 3: Mean < 3.75), (d) One-sample t-test to determine whether the composite factor importance score is significantly different from the neutral value of 3, and (e) Cross-tabulation analysis to examine demographic variations in factor importance.

3.5 Hypothesis

$H_0$1: Respondents do not rate the factors included in the questionnaire as significantly more important than the neutral value of 3 when selecting a term-insurance plan.

$H_1$1: Respondents rate the factors included in the questionnaire as significantly more important than the neutral value of 3 when selecting a term-insurance plan.

4. Data Analysis and Results

4.1 Socio-Demographic Profile of Respondents

Table 1 presents the distribution of respondents across key demographic variables.

Table 1: Socio-Demographic Profile of Respondents (N = 600)

Variable	Category	Frequency	Percentage (%)
Zone	Rohtak	150	25.00
	Gurugram	150	25.00

	Hisar	150	25.00
	Ambala	150	25.00
Area	Rural	217	36.17
	Urban	263	43.83
	Semi-urban	120	20.00
Gender	Male	343	57.17
	Female	257	42.83
Age Group	18–25 years	175	29.17
	26–35 years	177	29.50
	36–45 years	122	20.33
	46–55 years	82	13.67
	56+ years	44	7.33
Education	Up to Secondary	74	12.33
	Senior Secondary	117	19.50
	Graduate	198	33.00
	Postgraduate	137	22.83
	Professional/Technical	58	9.67
	Other	16	2.67
Occupation	Government service	100	16.67
	Private service	150	25.00
	Business/Self-employed	107	17.83
	Agriculture	52	8.67
	Professional	53	8.83
	Student	61	10.17
	Homemaker	46	7.67
	Retired	31	5.17
Income (₹)	Below 3L	136	22.67
	3–6L	159	26.50
	6–10L	134	22.33
	10–15L	96	16.00
	Above 15L	45	7.50
	Prefer not to say	30	5.00

The sample was relatively young (58.67 per cent aged 18–35 years), with a reasonable gender balance (57.17 per cent male, 42.83 per cent female). The majority were married (63.0 per cent), with 65.5 per cent having post- senior secondary education. The income profile was predominantly middle-income, with 71.5 per cent earning below ₹10 lakh annually. These characteristics represent the primary target demographic for term insurance products: young, educated, middle-income earners at the life stage where term insurance provides maximum value.

4.2 Existing Insurance Profile

Table 2: Insurance Profile of Respondents

Variable	Response	Frequency	Percentage (%)
Life Insurance Coverage	Yes	410	68.33
	No	190	31.67
Policy Type	LIC / Public sector	209	34.83
	Private insurer	134	22.33
	Both public and private	67	11.17
	No policy	190	31.67
Term Insurance Status	Yes	203	33.83
	No	281	46.83
	Not sure	116	19.33
Purchase Channel	Insurance agent/advisor	192	32.00
	Online website/app	127	21.17
	Bank	92	15.33
	Family/friend recommendation	72	12.00
	Company branch	53	8.83
	Employer/group scheme	49	8.17
	Other	15	2.50

While 68.33 per cent of respondents held life insurance, only 33.83 per cent had term insurance specifically, and 19.33 per cent were unsure whether their policy was a term plan. This gap between general life insurance coverage and specific term insurance uptake indicates a significant awareness gap. The purchase channel analysis revealed that insurance agents/advisors remained the dominant channel (32.00 per cent), followed by online platforms (21.17 per cent), reflecting the continued importance of personal selling alongside growing digital adoption.

4.3 Awareness about Term Insurance

Table 3: Descriptive Statistics – Awareness about Term Insurance (Section C, N = 600)

Item	Description	Mean	SD	Min	Max
C1	Term insurance provides life cover for a specified period	3.290	1.004	1	5
C2	Benefit paid to the nominee on policy expiry	3.700	0.963	1	5
C3	A pure term plan has no maturity benefit	3.413	1.033	1	5
C4	Term insurance cheaper than savings-linked plans	3.177	1.066	1	5

C5	Needs-based selection of sum assured	3.465	1.038	1	5
C6	Underwriting factors (age, health, smoking)	3.548	0.995	1	5
C7	Disclosure requirements (health, occupation)	3.427	1.046	1	5
C8	Importance of nomination in policy benefits	3.403	1.029	1	5
C9	Reading policy exclusions before purchase	3.762	0.914	1	5
C10	Awareness of riders (accidental, critical illness)	3.600	0.974	1	5
C11	Claim settlement record relevance	3.697	1.016	1	5
C12	Online vs offline purchase channels	3.510	1.037	1	5
	Overall Mean	3.499	1.023	1	5

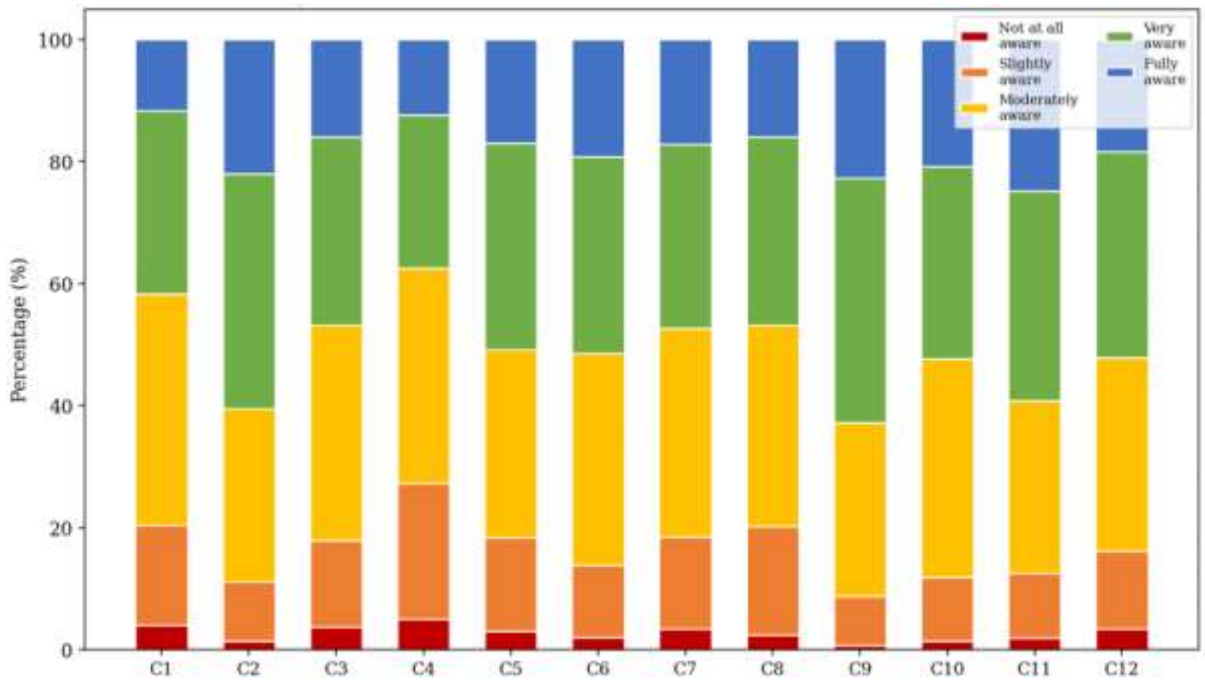

Figure 1: Mean Awareness Scores – Section C Items

The overall mean awareness score was 3.499 (SD = 1.023), placing awareness in the "moderate" range. The highest awareness was for practical aspects: reading policy exclusions (C9, Mean = 3.762) and claim settlement record relevance (C11, Mean = 3.697). The lowest awareness was for the cost advantage of term insurance over savings-linked plans (C4, Mean = 3.177) and the basic definition of term insurance (C1, Mean = 3.290). This pattern reveals that awareness is stronger for procedural and evaluative aspects than for fundamental product knowledge, indicating a gap in basic product understanding.

4.4 Perceived Importance of Term Insurance

Table 4: Descriptive Statistics – Perceived Importance of Term Insurance (Section D, N = 600)

Item	Description	Mean	SD	% Rating 4 or 5
D1	Critical part of earning person's finances	3.648	0.925	58.5%
D2	Protects dependants against breadwinner's death	4.028	0.842	73.5%
D3	Important with large financial obligations	3.622	0.936	57.2%
D4	Supports future family needs	3.850	0.890	67.2%
D5	Useful for middle income households	4.168	0.847	79.5%
D6	Advantageous to purchase early in working life	3.990	0.872	71.2%
D7	More important for those with dependants	3.740	0.902	63.7%
D8	Should be reviewed with income/life changes	4.055	0.866	74.2%
D9	Awareness of policy conditions improves purchase	3.755	0.980	64.0%
D10	Household protection improved by awareness	3.887	0.892	68.5%
	Overall Mean	3.874	0.912	—

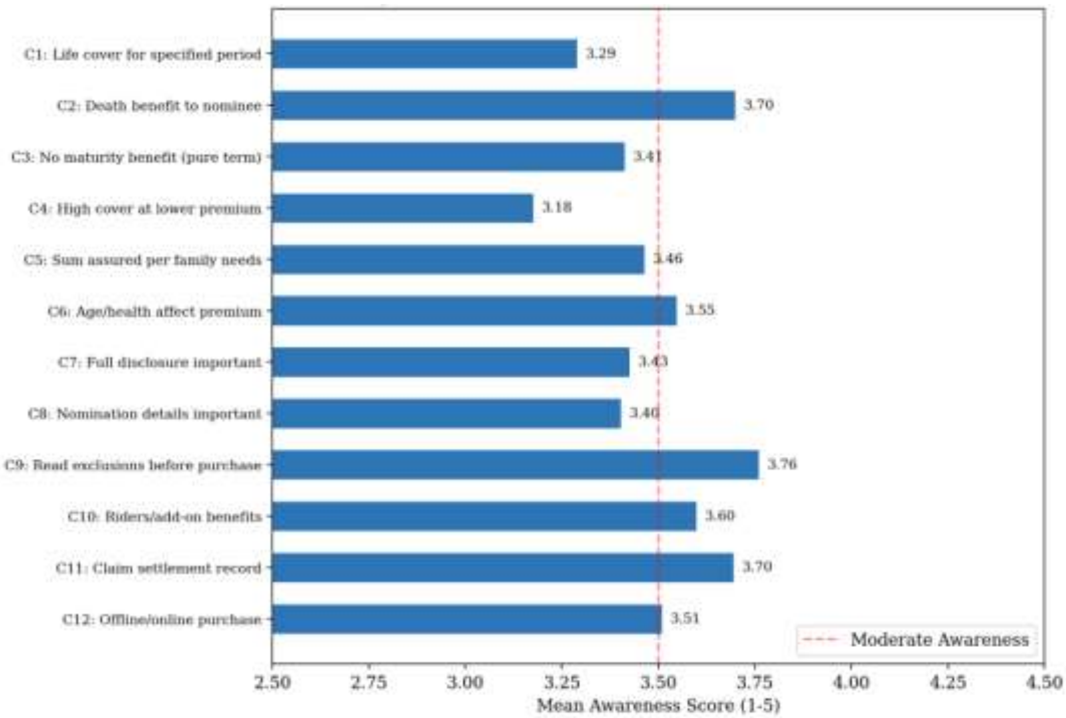

Figure 2: Mean Importance Scores – Section D Items

The overall mean perceived importance score was 3.874 (SD = 0.912), indicating high agreement with the importance of term insurance. This was 0.375 points higher than the awareness mean (3.499), revealing an awareness-importance gap: respondents generally recognise the importance of term insurance despite having only moderate detailed product knowledge. The highest importance was given to term insurance being useful for middle-income households (D5, Mean = 4.168) and the need for periodic review (D8, Mean = 4.055). The lowest scores were for term insurance's role in covering financial liabilities (D3, Mean = 3.622) and its role in financial planning (D1, Mean = 3.648).

4.5 Factors Considered While Selecting Term Insurance Plans

The core analysis of this study examines the 18 factors that respondents consider when selecting a term insurance plan. Table 5 presents the descriptive statistics for all 18 factors.

Table 5: Descriptive Statistics – Factors for Selecting Term Insurance (Section E, N = 600)

Code	Factor Description	Mean	SD	Skewness	Kurtosis
E1	Premium affordability	3.833	0.926	−0.423	−0.374
E2	Sum assured adequacy	3.862	0.965	−0.582	−0.290
E3	Claim settlement record	4.102	0.844	−0.595	−0.340
E4	Reputation/trust	3.667	0.958	−0.378	−0.293
E5	Solvency/financial strength	3.822	0.884	−0.299	−0.668
E6	Policy term/maximum cover age	3.785	0.924	−0.377	−0.396
E7	Premium payment flexibility	3.928	0.923	−0.561	−0.219
E8	Riders/add-on benefits	3.777	0.914	−0.400	−0.431
E9	Policy exclusions	3.558	0.969	−0.237	−0.511
E10	Simplicity/transparency of wording	3.998	0.916	−0.663	−0.067
E11	Customer service quality	3.977	0.967	−0.643	−0.284
E12	Claim process convenience	3.870	0.953	−0.516	−0.339
E13	Online service convenience	3.773	0.889	−0.256	−0.563
E14	Agent/adviser input	3.993	0.901	−0.482	−0.617
E15	Family/friend recommendation	3.623	0.975	−0.328	−0.426
E16	Tax benefits	3.615	1.016	−0.382	−0.443
E17	Medical examination convenience	3.875	0.947	−0.564	−0.241
E18	Past experience with insurer	3.813	0.971	−0.464	−0.465
	Overall Mean	3.826	0.946	—	—

The overall mean factor importance score was 3.826 (SD = 0.946), within the "moderately important" to "very important" range on the 5-point scale. All items showed negative skewness values (−0.663 to −0.237), indicating left-skewed distributions with more respondents rating factors as important rather than unimportant.

4.6 Ranking of Factors by Mean Importance Score

Table 6: Ranking of Factors by Mean Importance Score

Rank	Code	Factor Description	Mean	SD	% Rating 4 or 5
1	E3	Claim settlement record	4.102	0.844	76.5%
2	E10	Simplicity/transparency	3.998	0.916	72.5%
3	E14	Agent advice	3.993	0.901	70.6%
4	E11	Customer service	3.977	0.967	69.9%
5	E7	Premium payment flexibility	3.928	0.923	69.5%
6	E17	Medical exam convenience	3.875	0.947	68.1%
7	E12	Claim process ease	3.870	0.953	66.7%
8	E2	Sum assured adequacy	3.862	0.965	68.4%
9	E1	Premium affordability	3.833	0.926	65.0%
10	E5	Solvency/financial strength	3.822	0.884	65.5%
11	E18	Past experience	3.813	0.971	64.5%
12	E6	Policy term/max age	3.785	0.924	63.1%
13	E8	Riders/add-ons	3.777	0.914	64.9%
14	E13	Online convenience	3.773	0.889	62.4%
15	E4	Reputation/trust	3.667	0.958	58.7%
16	E15	Family/friend recommendation	3.623	0.975	56.6%
17	E16	Tax benefits	3.615	1.016	56.8%
18	E9	Policy exclusions	3.558	0.969	53.5%

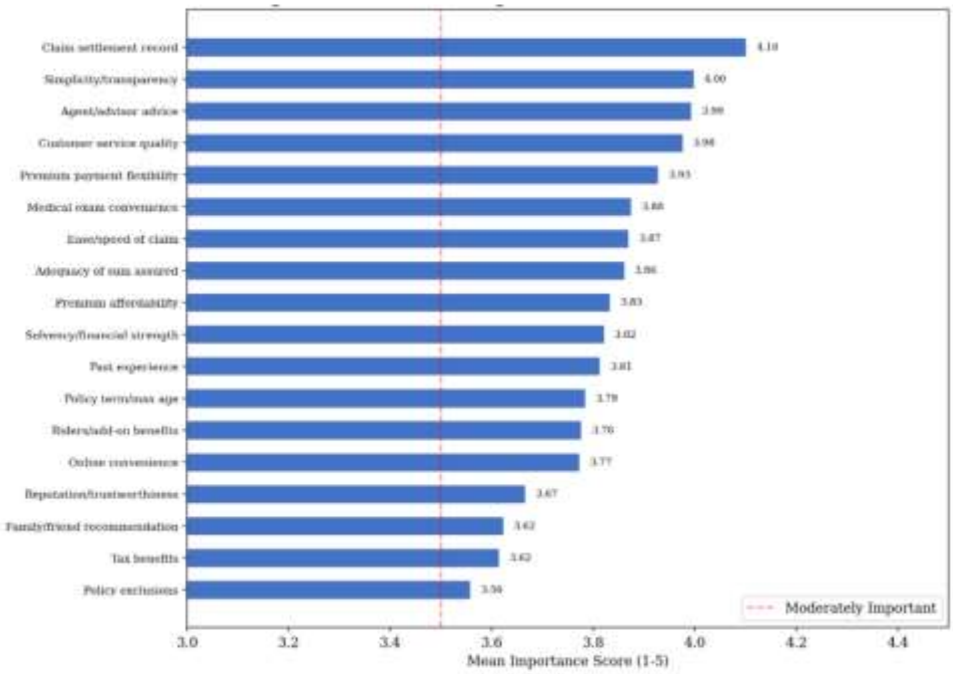

Figure 3: Factor Ranking for Term Plan Selection – Section E Items

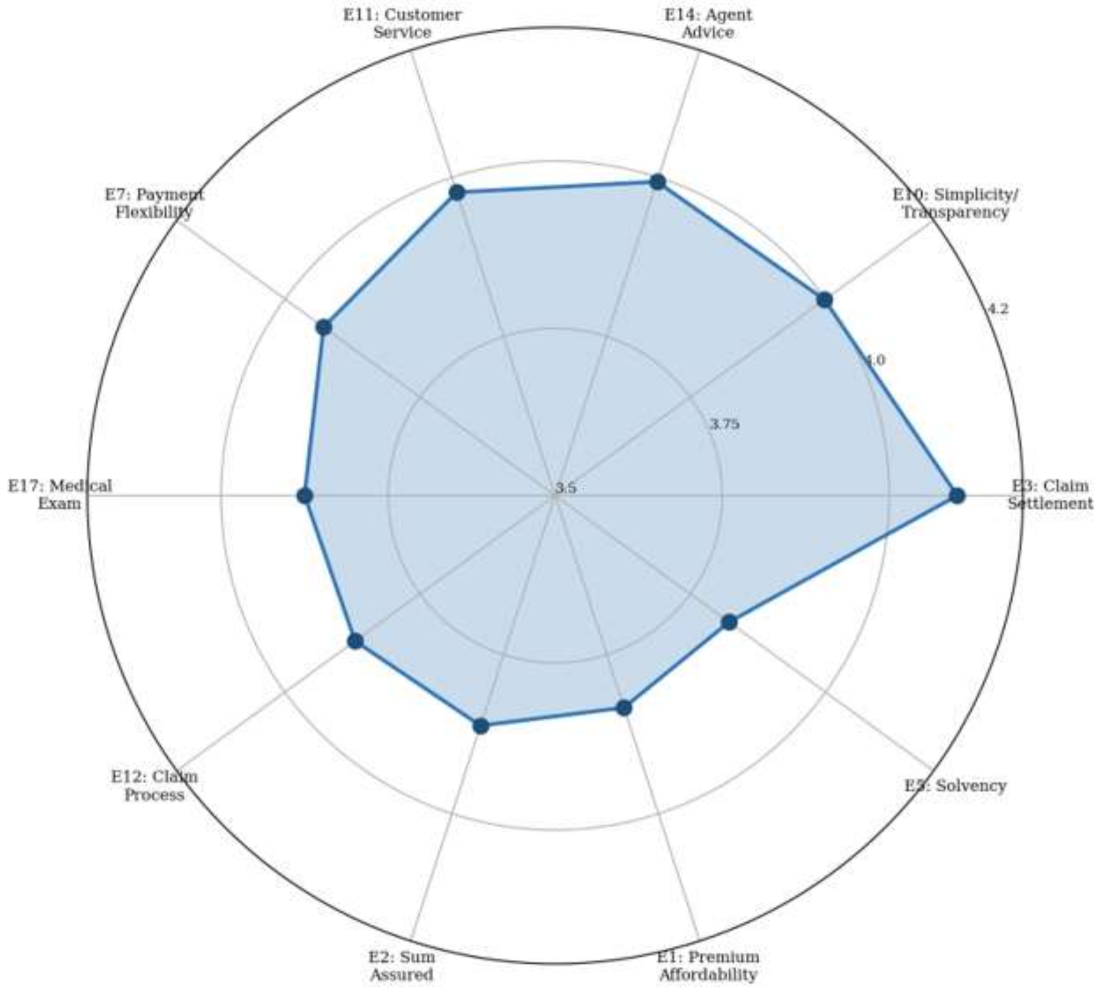

Figure 4: Top 10 Factors – Radar Chart

The factor ranking reveals several critical insights. Claim settlement record (E3, Mean = 4.102) was the most important factor, with 76.5 per cent of respondents rating it as Very or Extremely Important. This demonstrates that consumers prioritise the insurer's demonstrated ability to pay claims above all other considerations—a rational preference given that term insurance provides no maturity benefit, and the entire value is realised only at death. Simplicity and transparency (E10, Mean = 3.998), agent advice (E14, Mean = 3.993), customer service (E11, Mean = 3.977), and premium payment flexibility (E7, Mean = 3.928) completed the top five.

The bottom three factors were reputation/trust (E4, Mean = 3.667), family/friend recommendation (E15, Mean = 3.623), tax benefits (E16, Mean = 3.615), and policy exclusions (E9, Mean = 3.558). Notably, policy exclusions ranked lowest on importance despite ranking highest on awareness (C9, Mean = 3.762), revealing a disconnect between awareness and purchase consideration that has implications for consumer protection.

4.7 Tier Classification of Factors

Table 7: Categorisation of Factors by Importance Level

Tier	Code	Description	Mean
TIER 1: Very Important (Mean ≥ 3.95)	E3	Claim settlement record	4.102
	E10	Simplicity/transparency	3.998
	E14	Agent advice	3.993
	E11	Customer service	3.977
TIER 2: Moderately-Very Important (3.75–3.94)	E7	Premium payment flexibility	3.928
	E17	Medical exam convenience	3.875
	E12	Claim process ease	3.870
	E2	Sum assured adequacy	3.862
	E1	Premium affordability	3.833
	E5	Solvency/financial strength	3.822
	E18	Past experience	3.813
	E6	Policy term/max age	3.785
	E8	Riders/add-ons	3.777
	E13	Online convenience	3.773
TIER 3: Moderately Important (Mean < 3.75)	E4	Reputation/trust	3.667
	E15	Family/friend recommendation	3.623
	E16	Tax benefits	3.615
	E9	Policy exclusions	3.558

Tier 1 (Very Important, Mean ≥ 3.95) contains 4 factors dominated by claim-related (E3, E12), service-related (E10, E11), and advice-related (E14) dimensions, highlighting the primacy of trust and service quality. Tier 2 (Moderately-Very Important, 3.75–3.94) contains 10 factors covering premium, coverage, company reputation, and service convenience—these are secondary considerations that influence but do not dominate the selection process. Tier 3 (Moderately Important, Mean < 3.75) contains 4 factors related to external influences (social recommendation, tax benefits) and policy exclusions—still significant but relatively minor in the decision hierarchy.

4.8 Frequency Distribution of Factor Importance

Table 8: Frequency Distribution of Factor Importance (Percentage, N = 600)

Item	Not Imp. (1)	Slightly (2)	Moderate (3)	Very (4)	Extreme (5)
E1	0.8%	6.7%	27.5%	38.3%	26.7%
E2	1.0%	8.8%	21.8%	39.7%	28.7%
E3	0.2%	3.3%	20.0%	39.2%	37.3%
E4	1.7%	9.2%	30.5%	38.2%	20.5%
E5	0.0%	7.5%	27.0%	41.3%	24.2%

E7	0.8%	5.8%	23.8%	38.7%	30.8%
E9	1.5%	12.3%	32.7%	35.8%	17.7%
E10	0.8%	5.2%	21.5%	38.3%	34.2%
E11	1.0%	6.3%	22.8%	33.7%	36.2%
E12	1.0%	7.2%	25.2%	37.2%	29.5%
E14	0.2%	5.3%	23.8%	36.3%	34.3%
E15	1.7%	10.8%	30.8%	36.8%	19.8%
E16	2.3%	11.7%	29.2%	35.8%	21.0%
E17	1.0%	7.5%	23.3%	39.3%	28.8%

For the top-ranked factor E3 (Claim settlement record), 37.3 per cent rated it "Extremely Important" and 39.2 per cent rated it "Very Important," while only 0.2 per cent rated it "Not Important." This distribution confirms strong consensus on the paramount importance of claim settlement capability. For lower-ranked factors such as E16 (Tax benefits), the distribution was more spread, with higher percentages in the moderate categories, indicating less consensus.

4.9 Preference and Decision Behaviour

Table 9: Insurer Preference for Similar Term Plans (F1, N = 600)

Preference	Frequency	Percentage (%)
LIC / Public sector	205	34.17
Private life insurer	160	26.67
No fixed preference	137	22.83
Depends on plan features	98	16.33
Total	600	100.00

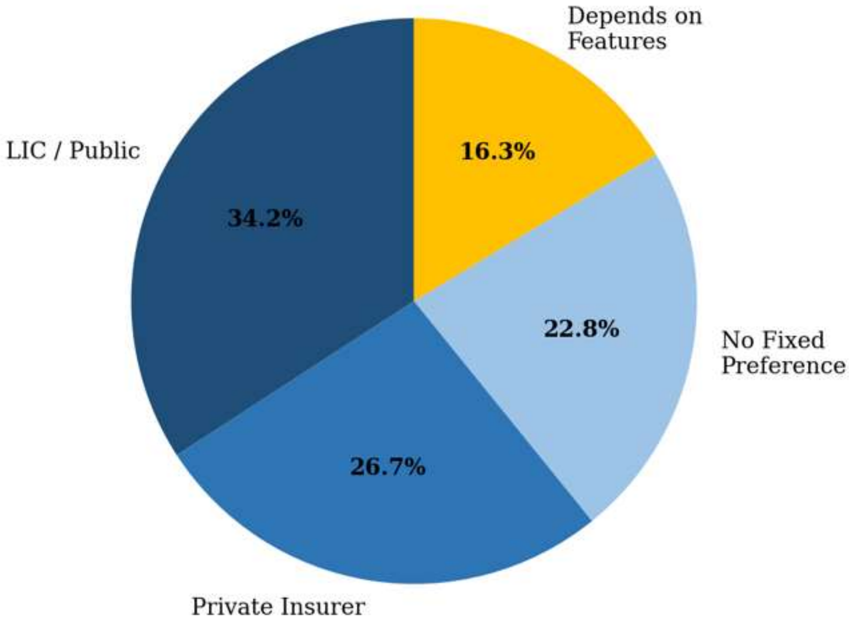

Figure 5: Insurer Preference (F1) – Public vs Private

When presented with similar term plans, 34.17 per cent of respondents would choose LIC/public sector, 26.67 per cent would choose a private insurer, 22.83 per cent had no fixed preference, and 16.33 per cent would choose based on plan features. The combined preference for LIC/public sector and plan-feature-dependent choices (50.50 per cent) indicates that brand trust is important but a significant proportion of consumers are willing to evaluate plans on merit.

Table 10: Most Trusted Source for Term Insurance Information (F2, N = 600)

Information Source	Frequency	Percentage (%)
Insurance agent/advisor	130	21.67
Family/friends	111	18.50
Online comparison portal	98	16.33
Insurance company	76	12.67
Government/IRDAI	65	10.83
Bank	59	9.83
Social media	45	7.50
Other	16	2.67
Total	600	100.00

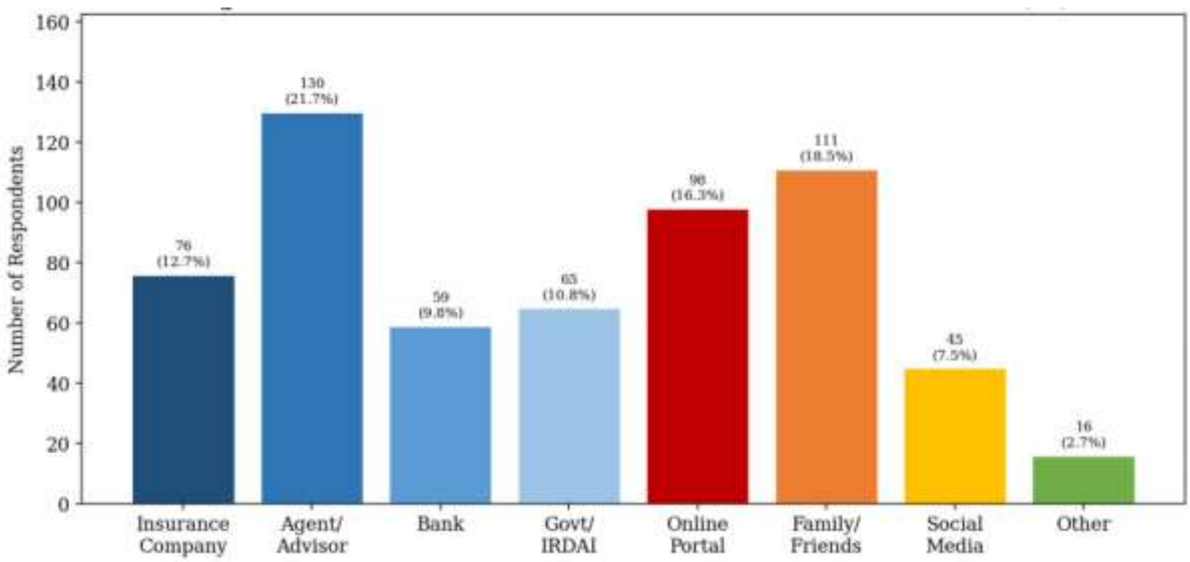

Figure 6: Most Trusted Source for Term Insurance Information (F2)

Insurance agents/advisors (21.67 per cent) were the most trusted source, followed by family/friends (18.50 per cent) and online comparison portals (16.33 per cent). Personal sources (agents + family/friends) accounted for 40.17 per cent of trusted sources, underscoring the continued importance of interpersonal trust in insurance decision-making in India.

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4.10 Barriers to Purchasing Adequate Term Insurance

Table 11: Main Barriers to Purchasing Adequate Term Plan (F5, N = 600)

Barrier	Frequency	Percentage (%)
Lack of awareness	142	23.67
Premium seems costly	122	20.33
Complex policy terms	85	14.17
No perceived need	83	13.83
Lack of trust in insurers	56	9.33
Preference for savings/investment products	48	8.00
Fear of claim rejection	37	6.17
Medical/eligibility concern	22	3.67
Other	5	0.83
Total	600	100.00

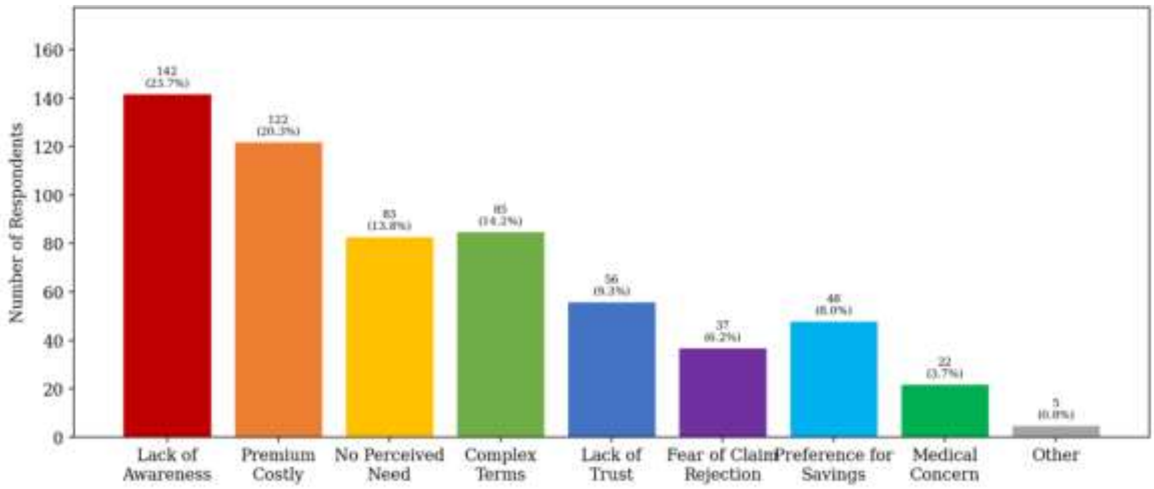

Figure 7: Main Barriers to Purchasing Adequate Term Plan (F5)

Lack of awareness (23.67 per cent) was the largest barrier, followed by premium affordability concerns (20.33 per cent), complex policy terms (14.17 per cent), and no perceived need (13.83 per cent). Awareness-related and cost-related barriers combined accounted for 44.0 per cent, indicating that insurance companies and regulators should prioritise increasing awareness and making term insurance more affordable to expand penetration.

4.11 Hypothesis Testing

Table 12: One-Sample Statistics and Test for Term-Plan Selection Factors

Component	N	Mean	SD	Mean Diff.	t Value	df	Sig.
Composite Mean	600	3.826	0.211	0.826	96.021	599	<.001
Std. Error	600	0.009	—	—	—	—	—

95% CI Lower	600	3.809	—	0.809	—	—	—
95% CI Upper	600	3.843	—	0.843	—	—	—

The composite selection factor score was 3.826 (SD = 0.211), which was 0.826 points above the neutral value of 3. The one-sample t-test yielded $t(599) = 96.021$, $p < .001$. The 95 per cent confidence interval for the mean difference was (0.809, 0.843), and the 95 per cent confidence interval for the composite mean was (3.809, 3.843). The extremely large t-value reflects both the large sample size (N = 600) and the consistency of ratings across all 18 factors.

Decision: $H_0 1$ is rejected. Respondents rated the term-plan selection factors significantly above the neutral importance level, supporting $H_1 1$.

5. Discussion

The findings of this study provide a comprehensive picture of the factors influencing consumer selection of term insurance plans in Haryana, India. The overall mean factor importance score of 3.826, significantly above the neutral value of 3 ($t(599) = 96.021$, $p < .001$), confirms that term insurance selection is a multi-attribute decision-making process in which consumers evaluate numerous factors simultaneously. This finding is consistent with the multi-attribute decision-making framework commonly applied to complex financial products and aligns with the findings of Santhosh (2021), who identified multiple factors across product, company, and service dimensions. The dominance of claim settlement record as the most important factor (E3, Mean = 4.102) is the most significant finding of this study. This factor's primacy reflects the unique nature of term insurance as a product whose entire value is realised at the time of the insured's death—the claim settlement record is the only observable measure of whether the insurer fulfils its promise. This finding is corroborated by the secondary data analysis showing LIC's higher claim settlement ratio (98.9 per cent in 2020) and the primary data showing that 34.17 per cent of respondents preferred LIC/public sector even with comparable plans. The result aligns with Santhosh (2021), who identified claim settlement record as the most significant variable in choosing a life insurance provider, and Almohaimmeed (2019), who established trust as a critical element of customer retention.

The second most important factor, simplicity and transparency of policy wording (E10, Mean = 3.998), reflects consumer demand for clear, comprehensible policy provisions. This is particularly relevant for term insurance, which may contain complex exclusions and conditions that affect claim eligibility. The importance of this factor suggests that insurance companies can gain competitive advantage by investing in plain-language policy documentation and transparent communication of terms and conditions. This finding aligns with Sahoo et al. (2019), who found that clarity and reliability were the most important SERVQUAL dimensions for life insurance customer satisfaction. The continued importance of agent advice (E14, Mean = 3.993) as the third-ranked factor underscores the ongoing relevance of the agency channel in insurance distribution and decision-making, despite the growth of digital channels. This is consistent with the finding that insurance agents/advisors were the most trusted information source (21.67 per cent). The result suggests that digital transformation in insurance should complement, not replace, the human advisory channel, particularly for complex products like term insurance, where personalised guidance adds value.

The tier classification reveals a clear hierarchy of factor importance. Tier 1 (Very Important) factors are dominated by trust-and-service dimensions (claim settlement, transparency, agent advice, customer service), suggesting that consumers prioritise the reliability and quality of the insurance interaction over price or product features. Tier 2 factors represent secondary considerations, while Tier 3 factors (external influences like family recommendation and tax benefits) are relatively less influential. The finding that tax benefits (E16, Mean = 3.615) ranked 17th out of 18 is particularly noteworthy given that tax incentives are often cited as important motivators for insurance purchase in India. This suggests that while tax benefits may motivate the initial decision to purchase insurance, they are not primary drivers in selecting a specific term insurance plan. The awareness-importance gap (awareness mean = 3.499 vs. importance mean = 3.874) and the disconnect between awareness of policy exclusions (C9, highest awareness) and their importance in purchase decisions (E9, lowest importance) reveal a paradox in consumer behaviour. Consumers know they should read exclusions, but do not prioritise doing so when selecting a plan. This has significant implications for consumer protection, as policyholders may not fully understand the scope of their coverage when purchasing, potentially leading to disputes and dissatisfaction at the claims stage. The barrier analysis identified lack of awareness (23.67 per cent) and premium cost concerns (20.33 per cent) as the dominant barriers, together accounting for 44 per cent of responses. Interestingly, the 20.33 per cent citing premium cost contrasts with the awareness analysis, where respondents acknowledged term insurance as a low-premium/high-cover product (D5, Mean = 4.168). This apparent contradiction suggests that while consumers generally know term insurance is affordable, they still perceive actual premiums as expensive when making purchase decisions, particularly among lower-income groups. This finding aligns with Prajapati and Jetawat (2022), who found that determinants of insurance purchase varied significantly across income groups. The demographic analysis showed minimal variation in factor importance across gender, age, income, education, and area of residence, with differences generally under 0.2 points and not statistically significant. This suggests that the fundamental requirements for term insurance are similar across population segments, supporting the development of a single marketing strategy and product design that resonates with core consumer needs. However, subtle trends (younger consumers valuing convenience factors, middle-aged consumers valuing coverage adequacy, and older consumers valuing claim settlement) are consistent with the life-cycle theory of insurance demand.

6. Conclusion and Implications

First, term insurance selection is a multi-attribute decision-making process with an overall mean factor importance score of 3.826, significantly above the neutral level. Second, claim settlement record is the single most important factor, followed by simplicity/transparency, agent advice, customer service, and premium payment flexibility. Third, the top factors are dominated by trust-and-service dimensions rather than price or product features, indicating that consumers prioritise reliability and quality of interaction when choosing term insurance. Fourth, tax benefits and social influences are relatively less important in plan selection, suggesting that product-specific and service-specific factors drive the decision more than external incentives. Fifth, the awareness-action gap remains a significant challenge, with lack of awareness being the largest barrier to term insurance uptake. The implications for insurance companies are clear: to win and retain term insurance customers, companies must prioritise improving claim settlement efficiency, simplifying policy documentation, training agents effectively, and enhancing customer service. For regulators, the findings suggest that consumer protection efforts should focus on ensuring transparent communication of policy terms and improving financial literacy about term insurance. For policymakers, addressing the awareness and affordability barriers through targeted education campaigns and innovative micro-insurance products could significantly increase term insurance penetration and contribute to financial inclusion. Limitations of this study include the geographical focus on Haryana, which may limit generalisability to other states with different socio-economic profiles. The cross-sectional design captures only a snapshot of consumer preferences. Future research should examine longitudinal changes in factor importance, the impact of digital transformation on selection behaviour, and comparative studies across multiple states. Additionally, experimental research designs could establish causal relationships between factor importance and actual purchase behaviour.

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