

A Study on Adoption of Insurance in Middle Class Family in Palghar District

Prof. Saroj Dayashankar Jha¹, Harlin Sahani², Nikita Sharma³
Sneha Dhodi⁴, Ankit Sahu⁵, Dhruv Rajput⁶, Sagar Pandit⁷

¹Assistant Professor, Department of BBI and BFM, St. John College of Humanities and Sciences,
(Autonomous) Palghar 401404, University of Mumbai, India.

^{2,3,4,5,6,7}Corresponding Author: Department of BAF, St. John College of Humanities & Sciences,
(Autonomous) Palghar 401404, University of Mumbai, India.

doi.org/10.64643/IJIRTV12I8-191321-459

Abstract—Insurance plays a crucial role in providing financial security and risk protection, particularly for middle-class families who often face income constraints and high financial responsibilities. This study examines the adoption of insurance among middle-class families with the objective of understanding their level of awareness, perception, and factors influencing insurance adoption. The research is based on a descriptive research design using both primary and secondary data. Primary data were collected through structured questionnaires and personal interviews conducted among 46 respondents belonging to middle-class households in Palghar, Umroli, and Boisar. Secondary data were sourced from academic journals, books, industry reports, and publications related to insurance and financial planning. The analysis relies on percentage-based interpretation to present the extent of insurance awareness, perceived necessity of insurance, sources of information, and prevalence of insurance ownership among respondents. The study provides empirical insights into insurance adoption patterns among middle-class families and highlights the continued importance of awareness, affordability, and accessibility in strengthening insurance penetration.

Index Terms—Insurance Adoption, Middle-Class Families, Financial Security, Insurance Awareness, India.

I. INTRODUCTION

Insurance has emerged as an essential component of financial planning in modern economies, serving as a mechanism to protect individuals and families from unforeseen financial risks. It provides economic security against uncertainties such as illness, accidents, loss of income, and death, thereby reducing financial vulnerability. For middle-class families, who typically operate within limited income margins and rising living costs, insurance

acts as a vital safeguard that helps maintain financial stability and long-term security.

In India, the middle-class segment constitutes a significant portion of the population and plays a critical role in economic growth. Despite increasing awareness about financial products, insurance adoption among middle-class households remains uneven. While many families recognize the importance of insurance, their actual participation is often influenced by factors such as affordability, awareness levels, trust in insurance providers, and clarity of policy terms. Life insurance and health insurance tend to receive higher preference, as they directly address family protection and healthcare needs, whereas other forms of insurance such as property or general insurance receive comparatively less attention.

Over the years, government initiatives, regulatory reforms, and the expansion of digital platforms have contributed to improved insurance awareness. Banks, insurance agents, media, and online platforms have also played a role in educating households about the benefits of insurance. However, despite these efforts, a noticeable segment of middle-class families either lack adequate coverage or remains hesitant to invest in insurance due to perceived complexity, high premiums, or limited financial literacy. This gap between awareness and actual adoption highlights the need for focused empirical research in this area.

The present study aims to examine the adoption of insurance among middle-class families by analyzing their awareness levels, perception of insurance as a financial security tool, and the extent to which insurance products have been adopted. By focusing on selected regions of Palghar, Umroli, and Boisar, the study attempts to provide a realistic understanding of insurance adoption behavior at the household level. The findings of this research are

expected to contribute to a better understanding of insurance penetration among middle-class families and offer useful insights for policymakers, insurance companies, and financial educators seeking to improve insurance outreach and accessibility.

II. REVIEW OF LITERATURE

Aditya Nath Jha (2014) examined the evolution of distribution channels in the Indian life insurance industry, particularly focusing on changes after privatization. The study highlighted that prior to regulatory reforms, insurance distribution was restricted mainly to individual agents, which limited outreach. After the introduction of the IRDA Act, the expansion of distribution channels such as brokers and bancassurance significantly improved access to insurance products. The research relied on secondary data sources including policy records, claim data, and customer information obtained from online databases. The study concluded that diversified distribution channels play an important role in improving insurance penetration and awareness among households.

Anand Thakur (2013) conducted a critical review of marketing strategies in the health insurance sector in India. The study emphasized that despite the vast potential of health insurance, penetration levels remain low due to limited product variety and inadequate awareness. Using secondary data from research institutions and insurance-related databases, the study identified lack of consumer education as a major barrier to adoption. The findings suggested that improved marketing strategies and awareness initiatives are essential to increase acceptance of health insurance, especially among middle-income groups. Anshuja Tiwari (2012) analyzed the bancassurance model as a distribution channel in the Indian life insurance industry. The study focused on the period following the liberalization of the insurance sector, during which multiple distribution options were introduced to cater to growing consumer demand. Using qualitative methodology through group discussions with insurance stakeholders, the research highlighted that bancassurance enhances customer trust and convenience by integrating banking and insurance services. The study concluded that bancassurance has strong potential to increase insurance adoption among middle-class families due to its accessibility and credibility.

Arvind Kumar Singh (2014) studied the contemporary scenario of the life insurance sector in India, with emphasis on competition and expansion strategies adopted by

insurance companies. The research employed quantitative methodology, including actuarial and statistical analysis, supported by primary data collected through surveys and questionnaires. The study revealed that increasing competition has compelled insurers to identify new customer segments and improve product offerings. It also emphasized that consumer awareness and perception significantly influence insurance adoption decisions.

B. Muthukrishnan (2015) evaluated the status of health insurance in India and highlighted the issue of low penetration despite rising healthcare costs. The study pointed out that only a small proportion of the population possesses health insurance coverage, mainly due to lack of awareness and the perception of insurance as a tax-saving instrument rather than a protective tool. Using actuarial methodology and primary policy documents, the research concluded that improving financial literacy and simplifying insurance products are crucial for increasing health insurance adoption among middle-class households.

III. RESEARCH METHODOLOGY

The present study adopts a descriptive research design to examine the adoption of insurance among middle-class families. Descriptive research is considered appropriate for this study as it enables a systematic assessment of awareness levels, perceptions, and factors influencing insurance adoption without manipulating variables. The primary focus of the research is to understand how middle-class households perceive insurance and the extent to which they have incorporated insurance into their financial planning.

Both primary and secondary sources of data were used to achieve the objectives of the study. Primary data were collected through structured questionnaires and personal interviews administered to respondents belonging to middle-class families. The survey instrument was designed to capture information related to insurance awareness, perceived necessity of insurance for financial security, sources of insurance information, and ownership of insurance policies. Secondary data were collected from textbooks, academic journals, government publications, insurance industry reports, and online sources related to insurance and financial planning, which helped in framing the conceptual background and supporting the analysis.

The sample for the study consisted of 46 respondents drawn from middle-class households residing in the regions of Palghar, Umroli, and Boisar. A convenient sampling technique was used due to accessibility and time

constraints. Respondents represented different age groups and income levels within the middle-class segment, allowing for a broader understanding of insurance adoption patterns. The selected study areas were chosen to reflect semi-urban and developing regions where awareness of insurance is gradually increasing.

The collected primary data were analyzed using simple statistical tools, mainly percentages, to interpret responses clearly and effectively. The use of percentage analysis helped in presenting the distribution of responses related to awareness, attitudes, and insurance ownership in a straightforward manner. The results of the analysis were interpreted objectively without drawing comparative discussions or inferential conclusions, in line with the descriptive nature of the study.

The scope of the study is limited to middle-class families within the selected regions and is based on the responses provided during the survey period. While the findings provide valuable insights into insurance adoption behavior, they are subject to limitations such as a restricted sample size, geographical constraints, and reliance on self-reported data.

Despite these limitations, the methodology adopted is suitable for meeting the objectives of the study and providing a realistic understanding of insurance adoption among middle-class families.

IV. DATA ANALYSIS

section A: General Awareness [1]Are you aware of what insurance is and how it works?
46 responses



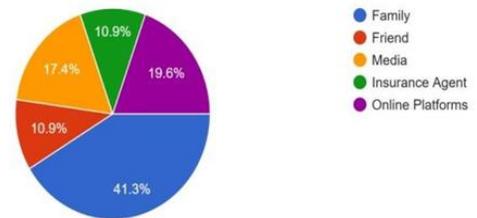
The data collected under Section A: General Awareness shows the level of awareness among respondents regarding insurance and its functioning. Out of 46 total respondents, a significant 89.1% answered “Yes”, indicating that the majority of people are aware of what insurance is and how it works. This suggests that insurance awareness is high among the surveyed group.

A smaller portion, about 6.5%, responded “No”, showing that a few individuals still lack basic knowledge about insurance. Additionally, 4.4% of respondents selected

“Somewhat”, meaning they have limited or partial understanding of the concept.

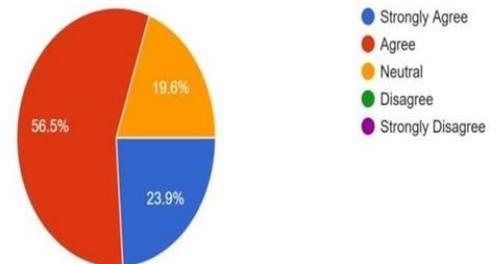
The results clearly highlight that awareness about insurance has considerably improved among middle-class families, possibly due to increasing financial literacy, advertisements, and the role of banks and agents in promoting insurance policies. However, the presence of respondents who are unaware or only somewhat aware suggests there is still scope for educational initiatives and awareness programs to ensure everyone fully understands the importance and working of insurance.

[2]From where did you first learn about insurance?
46 responses



The adoption of insurance among middle class families is driven by multiple socio-economic factors, awareness channels, and perceived barriers, with significant data supporting both current levels of uptake and persistent protection gaps. Sources of Insurance Awareness A recent survey (46 responses) shows that middle-class families typically learn about insurance primarily through family (41.3%), followed by online platforms (19.6%), media (17.4%), insurance agents (10.9%), and friends (10.9%). This distribution highlights the strong influence of informal networks, especially family, with a growing role for digital source.

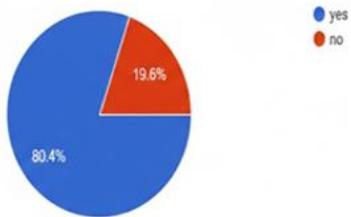
[3]Do you believe insurance is necessary for financial security?
46 responses



A data analysis of the survey question “Do you believe insurance is necessary for financial security?” among 46 respondents highlights strong positive attitudes toward

insurance in middle-class families. Response Distribution Agree: 56.5% Strongly Agree: 23.9% Neutral: 19.6% Disagree: 0% Strongly Disagree: 0% Key Insights The overwhelming majority (80.4%) either agree or strongly agree that insurance is necessary for financial security, showing widespread recognition of insurance as a critical safety net. A notable minority (19.6%) remain neutral, possibly indicating uncertainty or lack of awareness about insurance's benefits. No respondents disagreed or strongly disagreed, confirming there is little to no negative perception of insurance regarding financial security in this group

Section B: Impact on Middle-Class Families [4.] Does your family currently have any insurance policies?
46 responses



The analysis of the question “Does your family currently have any insurance policies?” among 46 respondents provides a clear picture of insurance prevalence in middle-class families. Response Break down Yes: 80.4% No: 19.6% Insights A substantial majority (80.4%) reported that their families currently hold at least one insurance policy, signaling significant penetration of insurance products among this group. Nearly one-fifth (19.6%) stated that their families do not have any insurance policies, revealing a notable coverage gap that still exists even among middle-class households

V. FINDINGS

From the study on the adoption of insurance among middle-class families, it is found that awareness about insurance has increased in recent years, but many families still lack complete knowledge about different types of insurance policies and their benefits. Most middle-class individuals understand the importance of insurance for financial security, yet they often hesitate to invest due to limited income, complicated policy terms, and a lack of trust in insurance companies. It was also observed that people tend to prefer life insurance and health insurance over other types, as these directly relate to family safety and healthcare needs.

The study further reveals that affordability plays a major

role in the decision to adopt insurance. Many middle-class families look for policies with low premiums and high benefits. The influence of agents, friends, and family also plays a significant role in decision-making. Moreover, the lack of proper guidance and financial literacy prevents some families from choosing suitable insurance plans. However, with the rise of digital platforms and online promotions, there is growing interest and awareness about the ease of buying and managing insurance policies online. Overall, the findings suggest that while awareness is improving, there is still a need for better education, transparency, and affordable plans to increase the adoption rate among middle-class families

VI. CONCLUSION

The study on the adoption of insurance among middle-class families emphasizes the growing recognition of insurance as an essential component of financial planning and risk management. The analysis indicates that a large proportion of respondents are aware of insurance and acknowledge its importance in providing financial security. Middle-class households increasingly perceive insurance not merely as a statutory or tax-saving instrument, but as a protective measure against uncertainties related to health, life, and income stability.

The presence of insurance coverage among a majority of surveyed families reflects a gradual improvement in insurance penetration within the selected regions. At the same time, the existence of uninsured households highlights the need for continued efforts to expand insurance outreach. The role of family influence, digital platforms, and media in spreading insurance awareness suggests that both traditional and modern channels contribute to shaping consumer perceptions and decision-making.

Overall, the study reinforces the relevance of insurance in strengthening financial resilience among middle-class families. By focusing on awareness, accessibility, and simplified communication, insurance providers and policymakers can further support informed participation in insurance schemes. The findings of this research contribute empirical evidence on household-level insurance adoption and provide a foundation for improving insurance engagement within the middle-class segment.