Analysing the Impact of Heard Behaviour in Purchase Decision Making Pattern in Health Insurance with Reference to National Insurance Company Ltd Bangalore.

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Introduction

Herding is described as imitation behaviour resulting from individual factor and often leading to inefficient outcomes for the market as a whole or individual are known to be influenced by others in their decision making. Herd behaviour refers to the tendency of individuals to imitate the actions and decisions of others rather than relying on their own independent analysis. In investment contexts, such behaviour often emerges when individuals believe that others possess superior information or when they seek social validation to reduce perceived risk. This phenomenon has been widely observed in capital markets, but its relevance extends beyond traditional investments to sectors such as insurance, where decisions involve long-term financial commitment and uncertainty about future outcomes.

The insurance sector in India presents a rapid and historical roots dating back from 19th century. The Indian insurance industry has witnessed transformative changes, influenced by regulatory reforms, economic liberalization, technology advancement and shifting consumer behaviour and also investment decision making pattern in insurance. With the growth of insurance which rapidly evolving landscape in health insurance in India there is a high impact of heard behaviour which changes the consumer investment decision making pattern on health insurance, based on observation the descriptive research paper focuses on analysing the impact of herd behaviour on decision making patterns in health insurance investment.

Health insurance, by its nature, combines elements of risk mitigation and long-term financial planning. Policyholders are often required to make decisions under uncertainty about future health needs, premium costs, and the performance of investment-linked plans. Within this setting, herd behaviour can lead to collective trends that may not always align with rational risk assessment or optimal investment strategy.

National Insurance Company Ltd (NICL), one of India's oldest and most established general insurance providers, plays a significant role in the Bangalore health insurance market. Bangalore, as a metropolitan hub with a diverse and financially aware population, provides a compelling environment to investigate behavioural patterns in insurance investment decisions. Given NICL's extensive policy portfolio and substantial customer base in the region, it offers a valuable case for examining whether and how herd behaviour affects investment-related decisions among health insurance clients.

Despite of various challenges of heard behaviour and their influence in decision making pattern in NICL Bangalore there was also improvement in policyholders to take their decision without getting effected from heard behaviour. This literature review draws on a wide range of peer-reviewed research to explore how heard behaviour influence the investment decision making pattern in health insurance in NICL. This review pays specific attention to the group of people who get influenced at the time of investment decision making pattern and how important it is to invest in health insurance effectively .By critically examining the existing evidence, this study aims to offer meaningful insights for scholars, practitioners and policymakers seeking heard behaviour and its influence in policy holders to take their decision in health insurance investment.

Research Objectives

1. To review literature of different author and expertise, reports and insurance industries journals regarding the heard behaviour and its impact on buying decision pattern.
2. To identify the universal problem and best practices from secondary data sources, recommendations and suggestions to health insurance companies.
3. To analyse the main factors effecting the herd behaviour and its impact on the buying behaviour of customers in health insurance.

Review of Literature

SL.NO	Area	Contribution	Authors
1.	Health insurance purchasing intentions	Customer behaviour is related to antecedent which effects the buying intentions of the customers	Zhangwei Zheng et al. (2025)
2.	Behavioural dynamics of health insurance adoption	Consumer decisions are influenced more by demographic characteristics than by specific product features. Moreover, income does not appear to significantly affect premium payments, implying that other factors play a larger role in health insurance adoption.	N. Ramanjaneyulu, G Hari Kumar, M Umrez (2025)
3.	The Serial Mediation Effect of Trust and Satisfaction on Repurchase Intention (Health Insurance)	Continues purchase decision in insurance are not purely on rational evaluation of price and coverage instead they are strongly shaped by trust, satisfaction and socially derived cues.	İbrahim Gün1* and Selma Soyuk (2025)
4.	Culture influence customer buying behaviour in India	Customers purchase pattern will also depends on social norms, traditions and the social expectation and their influence	Manoj et al. (2025)
5.	Exploring consumer behaviour in health insurance decision making and socio culture influence	Socio economic status plays a vital role in decision making of health insurance& customers with higher income and good awareness make a better decision on health insurance	Deobrat Kumar Pandey Dr Ashok Kumar Asthana (2024)
6.	Portability of Health insurance policy	The insurer should give proper service quality to the customer to build there band and sustain the policy holders without influenced by herd behaviour	Mikhali Chopra Dr Lakshmi Kavitha (2024)
7.	Impact of Group Discussions and Social Influence on Consumer Insurance Purchase Decisions in India”	Group discussions significantly influence insurance choice, leading consumers to conform to collective opinions and demonstrating herd behaviour in health insurance purchase decisions.	Chopra and Malhotra (2024)
8.	Factors Influencing Consumer Buying Behaviour Among Individuals in Choosing Health Insurance Products	Customer are not aware and has less willingness to purchase health insurance product in spite of unprecedented need of recent COVID-19 pandemic.	Prasant Kumar Rout, Dr. Prasanta Kumar Parida (2024)
9.	Purchase of health insurance among tobacco and Alcohol Consumers	Consumer are more concerned with subjective norms, perceived behavioural control and perceived product risk in purchasing of health insurance.	Ashok Mishra, Mohammed Jamshed, Asad Ahmad

			Swati Garg1 Dag oivind Madsen (2024)
10.	Purchasing Health Insurance policy	Customers are concerned with financial planning and tax benefits for their future investments and their behaviour are influenced with socio and psychological factor	Jashanpreet Kaur, Himanshi & Harneet (2024)
11.	Consumer behaviour while purchasing health insurance	Customer socio-economic factor and psychological feature plays a important role in purchasing health insurance.	Shah Abdul Khyoom Saadh (2024)
12.	Consumer behavioural Analysis –Factor shaping health insurance decisions	Customers preferences depends on their income, education and health awareness in shaping there choice of selection of insurance product	V.Kaliyammal1*, P. Mohanasundaram (2024)
13.	Consumer perception towards insurance product	Consumer perception towards insurance product is shaped by mix internal understanding and external influence	Dr. Abha Kaneria , Dr. Ganesh Pandit Pathak, Dr. Prerna Sharma, Rohit Gaware (2024)
14.	How India Buys Insurance	Consumers are influenced by their peer recommendations and social media influence to buy the insurance policies	Sarbvir Singh, CEO & research team *Policybazaar.com* (2023)
15.	Health insurance buying intentions during COVID-19 Pandemic	Customer take every purchase decision of health insurance cautiously and conservatively after COVID-19, they consequently prefer risk-mitigation purchase decision. Hence insurance companies should publish prehensile ,pertinent information, including the benefits of the plans	Prince KumarMaurya1, Rohit Bansal1, Yasmeen Ansari2, Anand KumarMishra1(2023)
16.	Income wise consumer behaviour in Health insurance services in India	Consumer income level plays a crucial role in consumer purchase decision making by evaluating the benefits, perceived value and Motivation.	Monica Bhatia (2023)
17.	Fear of purchase of health insurance	Consumers emotional or behavioural triggers like fear can significantly influence the health insurance buying decisions	Dipti Saraf1 · Narayan Baser (2024)
18.	Consumer behaviour on Buying products towards insurance policies in India	Consumers are affected from social factors and norms for making policy decisions and indirect forms of herd and social influence	Sreenivasulu, Rasool & Reddy (2023)
19.	Consumer behaviour in health insurance	Consumption of Health Insurance services led to high	Vijayanand, N., Sundar, G. N., Rathore, A.,

	sector	level of satisfaction among the insured households as it was instrumental in improving access to health services at the time of medical emergency	Rawal, P., Loya, A. R., & Sucharitha, Y.(2022)
20.	Herd behaviour along with consumer buying decision making process	Consumers use the information from others as cues in making buying decisions where by influence decreases along with the buying process of the product	Nataša Pavlović-Höck (2022)
21.	Purchasing behaviour of health insurance among unorganised sector population	Consumer buying behaviour depends on products attributes, customer service quality and agent characteristics and also the income level of the customers	Deepa V, S. A. Senthil Kumar, and D. H. Malini (2022)
22.	Herd behaviour and information adoption by the insurance buyers	Herding mediates the customer to take get the information about the product or services provided before making buying decisions	Filza Qambar,.et.al.,(2022)
23.	Factors influencing the purchase decision of health insurance policies	Customer purchase the product based on their age, income level and also for tax benefits.	Binny Pahwa, 2Dr Meenu Gupta.(2019)
24.	Consumer perception regarding life insurance policies	According to the author their at six factors influencing consumer perception regarding purchase of life insurance i.e. customised and timely services, better company reputation, effective service quality , customer convenience , tangible benefits and healthy customer client relationship	Sandeep Chaudhary(2019)
25.	Socioeconomic Factors on Purchase Decision of Health Insurance:	The customer age, gender, income, and marital status had an effect, sum assured, premium, occupation, health insurance cover, and health insurance type have no bearing on the public or private health Insurance company of choice.	Chette Srinivas Yadav (2018),
26.	Herding effects with product rating with natural experiment	Customers relay on the rating given in website along with reviews of the products	Gael Lederrey, Robert West (2018)
27.	Decision making biases in insurance purchasing	Decision making biases will occur when there is two different human being thinking in two different perspective (heuristics and framing)	Rabihah Md.Sum & Norhafiza Nordin (2018)
28.	Herding behaviour in online purchase of product	Customer behaviour on purchasing a product changes according to their peer effect on purchase of product and also	Mazhar Ali et,al.,2021

		with socio economic factor	
29.	Herd behaviour in Insurance market	Potential buyers are more influenced by collective intelligence (what others do) than by expert advice in insurance decision-making.	Fan Liu, John L. Grove(2015)
30.	Behavioural study of life insurance purchase decisions	Customer are more effected by social norms and belief which ultimately effects the purchasing pattern of insurance policy	Manohar Giri (2018)
31.	Consumer buying intentions towards health insurance product	Customers should be educated by the agents of the insurance company of the products related to health insurance customer gets influenced by the word of mouth and social reputations of the company	Aditi Khanna Dr. Savita Sharma (2022)
32.	Consumer buying intentions	Study revealed that the attitude of customers has a considerable influence on the buying intentions. Subsequently, the attitude can mediate in the influence of health value and Subjective Norm on buying intention of Consumers.	Hidayat et. al., 2021
33.	Factors influencing health insurance adoption among Indian consumers.	Consumers Income, education, and occupation significantly influence awareness and purchase decisions. Higher socioeconomic groups showed greater understanding and proactive purchase behavior, while lower-income and informal sector consumers depended more on family members, peers, and insurance agents. This reliance reflects the influence of social norms and herd behaviour in health insurance decision making.	Mistry & Vyas (2021)
34.	Life insurance purchase behaviour	Customer purchasing behaviour are more influenced by age, income level and other socio-economic factors	Ritika Bhatia.et,al.2021
35.	Health insurance and its benefits	The government, as well as insurance companies, must take effective steps to create awareness among people about the significance of health insurance and its benefits.	Tripathi, 2013
36.	Impact of Word-of-Mouth on Health Insurance Purchase Decisions	Consumers often follow peer choices to reduce their uncertainty ,thereby exhibiting the herd behaviour	Sen, S. Ray, A.(2015)

37.	Personal Factors Influencing Purchase Decision Making in Health Insurance	Consumers are influenced by the personal factors such as awareness of the product, tax benefits ,financial security, life style and risk cover which leads to purchase decision making	Yadav, C.S. & Sudhakar, A. (2017)
38.	Consumer Purchase Decisions of Health Insurance	Consumer irrational behaviour and risk attitudes increases the dependence on collective behaviour and social influence in Indian context	Ratnesh pal singh (2018)
39.	Factors affecting the customers investment towards life insurance policies	Customers accept the insurance policy by trusting the brand and quality of services given by private insurer or agents	Yadav and Tiwari (2012):
40.	Online Social Interactions: A Natural Experiment on Word of Mouth Versus Observational Learning	Customers observe the purchase actions of their peer rather than the verbal opinion. Herd behaviour in markets arises not just from what people say but from what others actually do.	Chen, Chao et al.,(2011)
41.	Role of Reference Groups in Insurance Purchase Decision-Making	Consumers are influenced by reference groups which significantly effects the purchase behaviour of the consumers by reducing perceived risk of uncertainty leading consumers to imitate group choice	Xavier & Fernando (2011)
42.	Factors influencing life insurance purchase	Consumer buying decisions depends on the company loyalty which is consider as the major factor and company client relationship gives a least factor in decision making	Epctimchin (2011)
43.	A Simple Model of Herd Behaviour	Consumer are rational thinkers they reply on their peers to take complex decision such as purchase of health insurance	Abhijit V. Banerjee(1992)
44.	A Theory of Fads, fashion ,custom and cultural change as informational cascades	Customer imitate others when uncertainty and creating trends override the private information which ultimately creates the cascading effect	Bikhchandani,et.,al (1992)
45.	Importance of customer in business of insurance	Customers plays a important role in insurance company if customers should be satisfied by providing them proper quality services and fair treatment for all the customers without any discrimination	Narayan. H. Jai (2009),
46.	Factor influencing insurance purchase decisions and adaptation to	Customers income level ,age and family size also plays a significant role in purchase decision making and companies	Alinvi & Babri (2007)

	changing preferences	should also accept the changes in the preferences of customer	
47.	Demand of health insurance in Micro Insurance scheme	Consumer's income level, healthcare expenditure and awareness of insurance products determines the purchasing behaviour of health insurance.	Bhat and Jain (2006),
48.	Advances in Behavioural Economics..	Consumer decision making is influenced by bounded rationality, heuristics, and social cues. His behavioural economics framework explains herd behaviour by showing that consumers imitate others when faced with complex and uncertain decisions such as health insurance purchase.	Thaler, R. H. (2005)
49.	The affection effects the insurance decisions	Consumers are more willing to buy the insurance product when they have greater emotional attachment to the object .Customers not only think about the monetary aspects but also on emotional attachment	Christopher K. Hsee & Howard C. Kunreuther(2000)
50.	Customer Perception and buying behaviour of health insurance policies in Hyderabad	Consumers buying behaviour and their perception depends on the socio economic conditions, individual perception and personality traits	Srimannarayana Gajula, P.Dhanavanthan(2019)

Methodology

The review is grounded in secondary data analysis relying on peer-reviewed academic journals, empirical reports and credible institutional publications published primarily between 1992 to 2025. This methodological approach is particularly suitable for topics that has multidiscipline factors such as social economic factor, demographic factors and psychological factors and human buying behaviour towards the insurance product.

The literature review was conducted using a systematic and narrative approach to evaluate and synthesize existing studies related to consumer behaviour, herd behaviour and health insurance purchase decisions. The secondary data was collected from national and international sources including. Peer –reviewed journals, conference proceedings, doctoral theses, IRDAI, reputed academic databases such as google scholar, Scopus, web of science and research gate.

In total 50 high quality studies were selected for detailed review and analysis. These studies were chosen based on search strategy which employed by searching a keywords like health insurance buying behaviour ,Consumer behaviour in insurance , herd behaviour, social influence and word of mouth, psychological factors in insurance and health insurance adoption in India. While the study does not involve primary data collection, it maintains methodology validity through transparent source selection, critical evaluation of findings and methodological approach. This methodological approach ensures that the review provided a strong theoretical foundations for the present research.

Overall, this methodology provides a robust and academically sound basis for understanding the herd behaviour impacting the buying decision of health insurance in India and factors influencing the consumer behaviour and it also supports the development of evidence –based recommendation for consumers and industries policy reforms.

Discussion

The reviewed literature provides comprehensive insight into consumer behaviour in health insurance revealing that purchase decisions are shaped by a complex interaction of socio-economic, psychological, cultural and social influence factor rather than purely rational evaluation of price and coverage. Research scholars argued that health insurance decisions are characterised by bounder rationality and uncertainty. The literature consistently rejects the assumption of fully rational consumer behaviour, instead highlighting bounded rationality and reliance on external cues in decision-making.

Recent studies (Zhangwei Zheng et al., 2025; İbrahim Gün & Selma Soyuk, 2025) emphasize that buying and repurchase intentions are strongly influenced by trust, satisfaction, and socially derived cues, suggesting a shift away from classical economic assumptions of rational consumer behaviour.

Impact of socio –economic and Demographic factors on purchase of Health Insurance

A significant body of research confirms that income, education, occupation ,age , and health awareness play a vital role in shaping health insurance purchase decisions (Pandey & Asthana,2024: Kaliyammal & Mohanasundaram,2024: Monica Bhatia,2023) however, findings are not entirely consistent . Ramanjaneyulu et al.(2025) argue that income does not significantly influence premium payment behaviour , indicating that non-economic factors may override financial capability. This contradiction suggests that while income affects awareness and access, perceived value, risk perception and social influence often dominate the final decision.

Impact of social influence and effect of Herd Behaviour

One of the dominant and recurring theme across the literature is the influence of social norms, reference groups, word –of –mouth, and herd behaviour in health insurance decisions (Chopra & Malhotra ,2024 : Sen & Ray, 2015 : Liu & Grove ,2015). Consumer often imitate peer choices to reduce uncertainty, especially in situation involving limited product knowledge or perceived risk. Foundational theories by Banerjee (1992) and Bikhchandani et al.(1992) explain this phenomenon through informational cascades, where individuals disregard private information and follow collective behaviour.

Empirical studies in the Indian context (Sreenivasulu et al.,2023: Mistry & Vyas ,2021) reveal that lower-income and informal sector consumer are more dependent on family members , agents and peers ,thereby exhibiting stronger herd behaviour .Online environments further amplify this effect , as consumers rely on ratings, reviews and observed purchase behaviour rather the expert advice (Lederrey & West ,2018: Chen et al.,2011)

Impact of trust , satisfaction and service Quality in Consumer buying behaviour

Trust emerges as a central mediating variable between service experience and repeated purchase and policy retention indicating that customers are more likely to continue with an insurer when they believe the company will honour its promises, especially during claims. There was also an argument that brand credibility and perceived integrity of insurers significantly reduce consumer's perceived risk, thereby fostering long term commitment. (Gun & Soyuk,2025: Yadav & Tiwarari,2012).Satisfaction derived from claim settlement, service quality , and agent behaviour significantly enhanced repurchase intention and brand loyalty, often overriding purely rational evaluations of coverage and premium.

Collectively, these findings suggest that insurance decisions extend beyond rational cost–benefit analysis. Trust and satisfaction often override objective evaluations of coverage and premium, highlighting the dominance of relationship-based decision-making in health insurance. For insurers, this implies that sustainable growth depends less on aggressive pricing strategies and more on delivering reliable service, transparent processes, and trustworthy interpersonal engagement. In the long run, strengthening trust through consistent service quality not only enhances customer retention but also generates positive social influence, reinforcing favourable perceptions within consumers' reference groups.

Cultural and societal influences in health insurance purchase Behaviour

Studies like (Manoj et al.,2025: Pandey & Asthana ,2024) Highlight that social norms, traditions and societal expectations significantly influence insurance purchase decisions. In many households, health insurance is perceived not merely as a financial product but as a family security instruments, where elders, spouses or financially knowledgeable members guide the final decision. This family–

centric approach reinforces imitative behaviour, as individuals tend to adopt insurance choices that are socially accepted or commonly practiced within their reference groups.

Cultural beliefs further shape risk perception and attitudes towards uncertainty. In societies where fate, religious beliefs, or optimism bias prevails, individuals may underestimate health risks and delay insurance adoptions. Overall the literature suggests that culture and societal influences act as powerful contextual forces that shape health insurance decision-making beyond economic rationality. Understanding these cultural dynamics is essential for policymakers, as strategies that align with social values; family orientation and trust-based communication are more likely to enhance insurance penetration and long term adoption in collectivist setting like India

Role of Awareness, service quality and trust in health Insurance Purchase Decision Making

Despite rising healthcare cost, increasing medical uncertainties and heightened risk perception following global health crises, lack of awareness continues to be a major impediment to health insurance adoption .Studies by Rout and Parida (2024) and tripathi(2013) reveal that a significant segment of consumers remains unaware of policy features, coverage benefits, claim procedures and long term advantages of health insurance.

Awareness alone is insufficient without quality service delivery .Quality services plays a crucial role in shaping consumer perceptions and satisfaction. Research indicates that consumers evaluate insurance providers not only on product attributes such as premium and coverage but also on experiential factors, including interactions with agents and customer support systems (Chopra & Kavitha ,2024).Poor service experiences often result in distrust , policy discontinuation and negative word –of-mouth, while positive service encounters strengthen loyalty and advocacy.

Agents act as key information intermediaries, especially in markets where insurance literacy is limited. Transparent, ethical and knowledgeable agents enhance consumer confidence, whereas aggressive or misleading sales practices erode trust (Kaneria et al., 2024) consumers often rely on reputed brands or government backed insurers to mitigate perceived risk, reinforcing the importance of institutional credibility in insurance markets.

The literature underscores that awareness, service quality and trust function as interrelated drivers of health insurance purchase and retention. Enhancing insurance penetration therefore requires coordinated efforts by insurers and policymakers to improve consumer's education, strength service delivery mechanisms, ensure ethical agent practices and build long term trust through transparency and reliability.

Effect of psychology on Behaviour of Consumer

A substantial body of literature underscores the critical role of psychological and behaviour of consumers in shaping health insurance purchase decisions. Prior studies indicate that consumer attitude, perceived risk ,fear, trust, satisfaction , and emotional attachment significantly influence insurance adoption and continuation (Hsee & Kunreuther ,2000:Dipti saraf & Narayan Baser,2024: Gun & soyuk,2025). Unlike conventional economic assumptions of rational decision-making, consumers often rely on emotional responses and subjective perceptions when evaluating insurance products, particularly in contexts characterized by uncertainty and complexity.

Post –COVID -19 studies further reveal a marked increase in risk aversion and conservative decision making behaviour, as consumer have become more cautious and selective in purchasing health insurance policies. This shift has intensified the demand for transparent, reliable and comprehensible information, compelling insurers to emphasize clarity in policy terms and benefits (Maurya et al., 2023). These behavioural patterns align closely with behavioural economics theory, which tells that the individuals operate under bounded rationality, frequently employing heuristics and mental shortcuts rather than exhaustive information processing when making complex financial decision (Thaler ,2005). Psychological biases and emotional triggers play a decisive role in health insurance decision –making, often outweighing purely financial consideration.

Research Gap

1. Limited integration of herd Behaviour with psychological factor

Despite of strong evidence supporting the individual influence of herd behaviour and psychological factors, most existing studies treat these constructs in insolation. Herd behaviour is typically analyses as a social or informational phenomenon, while psychological factors are examined through attitude –based or perception based models. There is a notable lack of empirical studies that integrate herd behaviour with psychological constructs within a single conceptual or structural model specifically in health insurance. In the Indian health insurance context, limited studies have explore how psychological factor interact with herd behaviour to jointly influence consumer purchase intention and decision –making. This gap restricts a holistic understanding of consumer behaviour in complex insurance markets.

2. Inconsistent Findings on Income and Premium Affordability

While several study identify income as a key determinant of health insurance purchase, recent findings suggest that income may not significantly influence premium payment decisions, leading to contradictory conclusions that remain unresolved, particularly in the Indian context. at the same time although herd behaviour and psychological constructs such as trust , fear , satisfaction, and perceived risk are recognised as influential, limited empirical research has integrated these factors within a single behavioural framework This lack of an integrated approach restricts a comprehensive understanding of how social influence, psychological responses, and income jointly shape health insurance purchase intention, thereby highlighting a critical gap in the existing literature.

3. Insufficient Focus on Post-COVID Behavioural Shifts

Only a limited number of studies (Maurya et al., 2023; Rout & Parida, 2024) examine health insurance behaviour in the post-COVID era. While these studies highlight increased risk aversion, they do not sufficiently analyse how fear, uncertainty, and collective behaviour after the pandemic have amplified herd tendencies. The long-term behavioural transformation caused by COVID-19 remains under-researched.

4. Limited Exploration of Digital and Social Media-Driven Herd Behaviour

Recent studies acknowledge the influence of online ratings, reviews, peer actions, and social media (Lederrey & West, 2018; Singh, 2023), but empirical evidence on how digital observational learning shapes health insurance decisions is minimal. The transition from traditional word-of-mouth to digital herd behaviour is still underexplored.

Findings

- Consumer behaviour in health insurance is multidimensional.
- Socio-economic factors significantly influence purchase decisions
- Psychological factors strongly shape buying intentions
- Herd behaviour and social influence are dominant decision drive.
- Awareness and financial literacy remain low despite rising needs.
- Digital platforms amplify herd behaviour.
- Consumers often exhibit irrational decision making
- Post-COVID Consumer behaviour is more cautious and risk -averse

Conclusion

The review of existing literature highlights that consumer behaviour towards health insurance is a complex and multifaceted phenomenon, influenced by a combination of socio-economic, psychological, cultural, and behavioural factors. Traditional economic determinants such as income, age, education, and tax benefits continue to play an important role in shaping purchase decisions; however, they are insufficient on their own to fully explain consumer behaviour in the health insurance market. The literature strongly indicates that herd behaviour and social influence are critical drivers of health insurance purchase decisions, particularly in contexts characterised by uncertainty, perceived risk, and limited product understanding. Consumers frequently rely on family members, peers, reference groups, insurance agents, and online communities to reduce decision-making complexity, leading to imitation-based and conformity-driven choices.

Psychological factors such as fear, trust, satisfaction, emotional attachment, and perceived risk significantly affect both initial purchase and renewal intentions. The COVID-19 pandemic further intensified risk awareness and cautious behaviour, reinforcing the tendency of consumers to follow collective judgement rather than engage in independent evaluation of policy features.

Overall, the literature concludes that health insurance purchase decisions are not purely rational or individualistic, but are significantly shaped by social cues, behavioural biases, and collective influence. This underscores the need for future research to adopt integrated behavioural frameworks that explicitly examine herd behaviour alongside economic and psychological factors, particularly in the evolving post-COVID and digital insurance environment.

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