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From Commitment to Change: Exploring the Behavioural Triggers of Policyholder Switching in Life Insurance Services with Reference to Rajkot City

Amit Topandasani[1], Dr. Mayuri Rathod[2]

[1]School of Commerce & Management, Dr Subhash University

[2]Associate Professor and Head School of Commerce & Management, Dr Subhash University

Abstract:

In the present study, the behaviouristic factors affecting the behaviour of switching customers from life insurance services cost perspective in Rajkot city is studied. The retailing of insurance particularly customer retention – has turned into a significant challenge for you with the rising level of competition, digital transformation, and evolving customer expectations. The aim of the study is to analyse the relationship between Behavioural triggers, Customer Commitment and Policy holder switching behaviour. The data were obtained from 112 life insured individuals by using a structured questionnaire and the collected data were analysed using Pearson's correlation and simple linear regression. The results show that there is a significant positive relationship between behavioural triggers and switching behaviour ($r = 0.894$, $p < 0.001$). The attachment to customers also had a significant effect ($R^2 = 0.599$) and the behavioural triggers account for 79.8% of the variance in switching behaviors. The study findings indicate that behavioral triggers play the highest influence on policyholder switching, which suggests the need to reinforce the bond, boost service quality, build trust and carry out effective customer retention strategies.

KeywordsPolicyholder Switching Behaviour, Life Insurance Services, Customer Commitment, Behavioural Triggers, Switching Intention, Service Quality, Customer Satisfaction, Trust, Loyalty, Rajkot City.

Introduction

Life insurance complements the lifeline of economic security, danger protection and long-term savings for individuals and households. Transformation of the sector during the last 10 years has been very important with an increase in competition, technological development, digitalisation and changing customer expectations. Today's policyholders are more knowledgeable and they can choose from a variety of insurance products and service providers. Therefore, it is more difficult to keep customers than it is to gain new ones. Therefore, factors affecting the policyholders' switching behaviour have become a very important research field.

Switching behaviours in the policyholder is defined as discontinuation, surrender, lapse and transfer among insurance providers. The decisions are based on several behavioural, psychological and service perceived factors such as service quality dissatisfaction, lack of trust, poor communication credibility, affordability of premium products, bad experience with claim settlement, perceived value, product innovation, and availability of spectacular offer alternatives. Commitment may help solidify a long-term relationship with insurance companies, but when service levels are not favourable or personal preferences change, this may lead to a breakdown in commitment and place an individual in the market to change over.

Aware customer behaviour is prompting insurance brands to plan for better long-term relationships, thereby boosting customer retention, having a good insight into such triggers is crucial in the Indian insurance industry, where the growth rate is accelerating. Rajkot City is one of the key urban centers for commercial and industrial activities in Gujarat and depicts the diversified population with growing awareness and acceptance toward life insurance products. The city is an adequate context in which to explore how behavior across various demographics could be a factor in determining the choice to engage in switching policies.The overall objective of the present study "From Commitment to Change: Exploring the Behavioural Triggers of Policyholder Switching in Life Insurance Services with Reference to Rajkot City" is to examine the factors which are significant to the policyholders in influencing their switching behaviour. The findings will be valuable for insurers, policymakers and the marketing segment, as they seek to find ways to interact with customers in ways that will boost satisfaction, deepen trust, create quality relationships and lower customer attrition and defection rates in today's more competitive insurance marketplace.

Literature Review

It is clear from the examined literature that customer trust, awareness, service quality, organizational commitment, digital transformation and policy related attributes play an important role in shaping consumer attitude and satisfaction in the life insurance sector. Educating customers and enhancing digital services were key, with Tiwari et al. (2025) pinpointing barriers such as low trust, poor transparency, weak claim settlement, inadequate awareness, and ineffective sales practices as significant hurdles to life insurance adoption. Vetrivelan and Krishnamoorthi (2016) emphasized that organizational commitment of insurance employee enhances by organizational pride, loyalty, motivation and supportive organizational culture which enhances service delivery. Gopi and Akilanayaki (2017) mentioned that awareness, people's utilization of the services, educational level, income and effective communication impact the satisfaction of the policyholders, while according to Raja and Kamalasaravanan (2026) the preference of policyholders to choose ULIPs over Endowment Policies depends on age, income, educational level, financial literacy and risk tolerance.

Likewise, Bhoi and Satpathy (2025) found that with the immensely enhanced claim settlement efficiency, customers' level of confidence and institutional credibility has also improved, and Jayashree, Mohith and Monish Ranganath (2025) noted that despite having a good image, consumers in the market have, however, limited awareness about the features and benefits of LIC. An efficient digital platform, lucrative premiums, and quicker transactions are the main factors that can boost customer satisfaction in digital insurance services, said Mohamed (2026). Meera Vijayalakshmi and Gurumoorthy (2021) determined that the three most important factors that affect customers' preference for LIC are trust, education, and income. Bernardini, Paganin and Talamo (2024) showed that insurance and urban and climate services are complementary in enhancing resilience by enabling proactive risk management. Also outlining demographic influences, Sivaperumal et al. (2024) emphasized the need for ongoing product innovation and customer-centric approaches. Organizational and audit-related considerations were also pointed out by Appah, Onowu, Audu, and Arney (2022) as critical factors in switching decisions, and Villeneuve (2014) illustrate how regulated switching rights can enhance competition, but can also lead to adverse selection. Last, Arun Kumar N., Girish, S., Suresha and Mahesh (2023) revealed the significance of the brand love as a mediator variable for switching intention and switching behaviour, which shows that emotional bonding is a key factor in retaining customers. Finally, the literature indicates that trust, transparency, awareness, service quality, digital innovation and relationship management will be of major importance to achieve customer satisfaction, policyholder retention and sustainability in the insurance sector.

Research Gap

While various studies have investigated the dimensions of customer satisfaction, service quality, trust and loyalty in the life insurance industry, few studies have investigated indulgent behavior incidences that drive customers to move between life insurance providers. There is little research that extends the relationship between customer commitment with behaviour changes, only customer retention or customer evaluation studies were conducted. Moreover, empirical facts from the regional markets like Rajkot have not been available as the socio-economic conditions, customer expectations and insurance awareness might change in the regional markets as compared to the metropolitan areas. This study puts an attempt to fill this gap by studying the behavioural determinants of policyholder switching in the context of Rajkot City life insurance market.

Research Objectives

1. To examine the relationship between behavioural factors and policyholder switching behaviour in life insurance services with reference to Rajkot City.
2. To examine the relationship between customer commitment and policyholder switching behaviour in life insurance services with reference to Rajkot City.
3. To examine the impact of behavioural triggers on policyholder switching behaviour in life insurance services with reference to Rajkot City.

Research Methodology

Research Design: (i) Descriptive Research Design (ii) Analytical Research Design.

Research Approach: Quantitative Research Approach.

Type Of Study: Cross sectional Survey.

Study area: Rajkot City in Gujarat.

Populational: All the people residing in Rajkot city who are having life insurance policies.

Sampling Technique: Non-probability sampling with a convenience sampling technique was used.

Sample Size: 112 policyholders.

Source of Data: Primary Data.

Data Analysis and Interpretation

Data Collection Instrument: Structured Questionnaire - Five-point Likert scale.

Data Analysis Software: IBM SPSS Statistics.

- Statistical Tools Used:
- Descriptive Statistics
- Pearson's Correlation Analysis

Simple Linear regression Analysis

- Independent Variables:
- Behavioural Triggers
- Customer Commitment

Factor studied as a result of a change: Policyholder Switching Behaviour.

- Level of Significance: 5% ($p < 0.05$).

Null Hypothesis (H_{01}): There is no significant relationship between behavioural factors and policyholder switching behaviour in life insurance services.

Alternative Hypothesis (H_{11}): There is a significant relationship between behavioural factors and policyholder switching behaviour in life insurance services.

Correlations			
		Behavioural Triggers	Switching Behaviour
Behavioural Triggers	Pearson Correlation	1	.894
	Sig. (2-tailed)		.000
	N	112	112

The Pearson's correlation analysis was used to investigate the relationship between behaviour triggers and policyholder behaviour of switching in life insurance services. Results showed that the behavioural triggers were very positively correlated with switching behaviour ($r = 0.894$, $p = 0.000$, $N = 112$). The significance value ($p = 0.000$) is below the 0.05 level of significance, meaning that the relationship is statistically significant. This finding indicates that there is a high relationship between a change in behavioural factors and policyholder switching behaviour. The more behaviour is there, the higher the chance of policyholders to change their life insurance provider. Thus, the null hypothesis is rejected, and the alternative hypothesis is accepted. The results are helpful for the objective of the study: study on behavioural factors and policyholder switching behaviour in Life insurance services with reference to Rajkot City.

Null Hypothesis (H_{02}): There is no significant relationship between customer commitment and policyholder switching behaviour in life insurance services. Rejected.

Alternative Hypothesis (H_{12}): There is a significant relationship between customer commitment and policyholder switching behaviour in life insurance services. Accepted.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.774[a]	.599	.596	.64576
a. Predictors: (Constant), I feel committed to continuing my relationship with my current insurer.				

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	68.629	1	68.629	164.577	.000[b]
	Residual	45.870	110	.417		
	Total	114.499	111			
a. Dependent Variable: Switching Behaviour						
b. Predictors: (Constant), I feel committed to continuing my relationship with my current insurer.						

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.999	.195		5.121	.000
	I feel committed to continuing my relationship with my current insurer.	.705	.055	.774	12.829	.000
a. Dependent Variable: Switching Behaviour						

In order to investigate the relationship between customer commitment and policyholder switching behaviour in life insurance services, a simple linear regression analysis was proposed. The model summary shows that there is a very high correlation (R = 0.774) between customer commitment and switching behaviour. The coefficient of determination (R2 = 0.599) indicates that customer commitment accounted for 59.9% of the variance in the policyholder switching behaviour, whereas the other 40.1% was due to other factors not included in the model. The ANOVA results show that the regression model is statistically significant with a F value of 164.577 and a p value of 0.000 which is less that 0.05. Moreover, the result of the regression coefficient for customer commitment is positive and significant (β = 0.774, B = 0.705, t = 12.829, p = 0.000), meaning that the customer commitment has a significant effect on the decision of the policyholders to switch a policy. So, the null hypothesis is rejected, and the alternative hypothesis is accepted. The outcome of these findings provides a basis for the objective of the study that is to investigate the relationship between customer commitment and policyholder switching behaviour in life insurance services with reference to Rajkot City.

Null Hypothesis (H_{03}) : Behavioural triggers do not have a significant impact on policyholder switching behaviour in life insurance services with reference to Rajkot City.

Alternative Hypothesis (H_{13}) : Behavioural triggers have a significant impact on policyholder switching behaviour in life insurance services with reference to Rajkot City.

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.894[a]	.798	.797	.45813
a. Predictors: (Constant), Behavioural Triggers				

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	91.412	1	91.412	435.541	.000[b]
	Residual	23.087	110	.210		
	Total	114.499	111			
a. Dependent Variable: Switching Behaviour						
b. Predictors: (Constant), Behavioural Triggers						

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.232	.157		1.482	.141
	Behavioural Triggers	.933	.045	.894	20.870	.000
a. Dependent Variable: Switching Behaviour						

To analyse the effect of behavioural triggers on policyholder switching behaviour in the life insurance services, a simple linear regression analysis was performed. The model summary indicates that there is a very strong relationship between behavioural triggers and switching behaviour (R = 0.894). The coefficient of determination ($R^2 = 0.798$) suggests that the behavioural triggers account for 79.8% of the switching behaviour of policyholders, while the remaining 20.2% can be attributed to other factors that are not captured in the model. The ANOVA result suggests that the overall regression model is significant ($F = 435.541$, $p < 0.001$). The regression coefficient of the behaviour triggers is also positive and statistically significant ($B = 0.933$, $\beta = 0.894$, $t = 20.870$, $p < 0.001$). In other words, the greater the number of behavioural triggers, the greater the switching behaviour of policyholders. So the null hypothesis (H_{03}) is rejected and the alternate hypothesis (H_{13}) is accepted. Thus, the need to explore the effect of behavioural triggers in the policyholder switching behaviour is fulfilled.

Conclusion

Overall, the study results reveal that the behavioural factors and customer commitment are significant in determining the policyholder switching behaviour in life insurance services with reference to Rajkot City. As demonstrated by Pearson's correlation analysis, there was a very strong, positive correlation between behavioural triggers and the likelihood that policyholders would switch their life insurance provider ($r = .894$, $p < .001$), simply meaning that the more there was a behavioural trigger, the more likely were policyholders to be willing to switch their life insurer. Thus, the first set of null hypotheses were rejected and the alternative hypotheses were accepted.

The regression also revealed statistically significant effect of customer commitment on switching behaviour. The positive and significant regression coefficient ($\beta = 0.774$, $p < 0.001$) accounted for 59.9% of the variance in switching behaviour ($R^2 = 0.599$). The results explain that there is a high relationship between the level of customers commitment and their switching thus, the second null hypothesis is rejected.

Additionally, it was determined from the impact analysis that behavioural triggers are good markers for policyholder switching behaviour. The R^2 of the regression model was 0.798 ($p < 0.001$) and the standardized regression coefficient ($\beta = 0.894$) was highly significantly positive for switching behaviour. Thus, the third null hypothesis was also rejected.

The overall findings of the study can be summarised by stating that behavioural triggers have the greatest impact on policyholder switching behaviour followed by policyholder commitment. These results highlight the need for the life insurance companies to be cognizant of their customers' actions, reinforce the need for developing long-term relationships with their customers, enhance service quality, and develop appropriate customer retention strategies. Proactive management of behaviour concerns and improvement of the customer engagement can greatly lower the probability and intention of switching and boost policyholder loyalty in the competitive life insurance market.

Recommendations

From the findings, life insurance companies are advised to regularly check the behavioural variables that drive the customer in switching and proactively come up with retention strategies. To boost customer engagement, insurers need to enhance service quality, communicate clearly with customers, settle claims promptly, and offer financial guidance tailored to each individual. Periodic customer engagement programmes, loyalty rewards and relationship management initiatives can build trust and long-term customer association. Similarly, companies should have good grievance redressal mechanism and should keep a check on customer satisfaction levels from time to time to gauge any willingness of customers to switch to other brands. Insurers who are customer-centric in service delivery and relationship management can curb the switching behaviour and increase the customers' loyalty, thereby ensuring business sustainability.

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