

A STRUCTURAL MODELING APPROACH TO EVALUATING HOME INSURANCE ADOPTION BEHAVIOR AMONG MORTGAGE LOAN HOLDERS IN SIVAKASI: AN ANALYTICAL AND DECISION-MAKING PERSPECTIVE

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ABSTRACT

Home insurance adoption among mortgage loan holders represents a critical yet underexplored dimension of financial protection behavior in semi-urban Indian contexts. This study develops a structural modeling framework to evaluate the determinants influencing home insurance adoption behavior among mortgage borrowers in Sivakasi. Drawing on behavioral insurance theory, customer perception models, and technology-driven decision frameworks, the research integrates financial literacy, perceived risk, service quality, and digital accessibility as key latent constructs. The study synthesizes insights from insurance market dynamics and household vulnerability perspectives, particularly emphasizing socio-economic constraints highlighted in informal sector risk literature (Gumber, 2000). A conceptual structural equation modeling (SEM) approach is proposed to map causal relationships among variables influencing adoption intention. Findings suggest that perceived risk and financial awareness significantly influence adoption behavior, while service quality and institutional trust act as mediating variables. Additionally, digital enablement and prior insurance experience strengthen adoption probability. The study contributes to insurance behavior literature by contextualizing home insurance decisions within mortgage-driven financial obligations in Tier-III cities. It further provides actionable insights for insurers and policymakers to enhance penetration through targeted awareness and technology integration strategies.

KEYWORDS

Home insurance adoption, mortgage loan holders, structural equation modeling, insurance behavior, Sivakasi, financial literacy, perceived risk, service quality, insurance decision-making, customer perception.

INTRODUCTION

Background

Home insurance plays a vital role in safeguarding household assets against unforeseen risks such as fire, natural disasters, and structural damage. Despite increasing penetration of mortgage finance in semi-urban India, home insurance adoption remains relatively low compared to other financial products. In cities like Sivakasi, where economic activity is driven by small and medium enterprises and property ownership is closely linked with credit markets, understanding insurance adoption behavior becomes critical for financial stability.

Insurance decision-making is influenced by multiple behavioral, institutional, and technological factors. The integration of financial literacy and risk perception significantly shapes household insurance decisions, especially in vulnerable populations (Gumber, 2000). The burden of economic uncertainty in informal and semi-formal sectors further amplifies the importance of protective financial instruments like insurance, as households often lack sufficient safety nets (Gumber, 2000).

Problem Statement

Despite the availability of home insurance products bundled with mortgage loans, adoption rates remain suboptimal. Borrowers often perceive home insurance as an additional financial burden rather than a protective necessity. There is limited empirical understanding of how structural factors such as perceived risk, service quality, and financial awareness interact to influence adoption behavior in Tier-III cities like Sivakasi.

Research Objectives

This study aims to:

1. Identify key determinants influencing home insurance adoption among mortgage loan holders.
2. Develop a structural model linking behavioral and institutional variables.
3. Analyze the role of financial literacy and perceived risk in adoption decisions.
4. Evaluate the mediating impact of service quality and institutional trust.

Scope and Significance

The study focuses on mortgage borrowers in Sivakasi, providing insights relevant to semi-urban financial ecosystems. It contributes to insurance behavior literature by integrating structural modeling approaches with contextual socio-economic factors. The significance is further reinforced by the increasing financial vulnerability of households in informal economic settings (Gumber, 2000), where insurance adoption can serve as a stabilizing mechanism.

Literature Review

Existing literature on insurance adoption highlights a combination of behavioral, technological, and service-related determinants. Customer perception plays a critical role in shaping insurance purchase decisions. Singh et al. (2014) emphasize that service quality significantly affects customer trust and satisfaction in insurance companies, which directly influences policy adoption behavior. Their findings suggest that perceived responsiveness and reliability of insurers are key drivers in competitive insurance markets.

Grace and Klein (2005) analyze homeowners insurance markets and identify structural inefficiencies, including low awareness levels and inconsistent risk perception among consumers. Their study highlights that market penetration is often hindered by behavioral biases and inadequate risk communication strategies. These insights are particularly relevant for emerging markets where insurance awareness is still evolving.

Arora (2003) emphasizes the role of information technology in enhancing insurance service delivery systems, particularly within large public insurance institutions. Digital integration improves accessibility and reduces transaction friction, thereby positively influencing adoption rates.

Ansari and Riasi (2016) utilize neural network-based modeling to evaluate customer loyalty in insurance firms, demonstrating that behavioral patterns can be effectively captured using advanced predictive models. Their study provides methodological support for structural modeling approaches in insurance research.

Mallik and Suhaib (2018) focus on customer awareness in car insurance and reveal that awareness levels significantly influence insurance uptake. Their findings indicate that information dissemination and targeted education campaigns are critical for improving adoption rates in emerging insurance segments.

A key theoretical underpinning across these studies is the role of socio-economic vulnerability in shaping financial decision-making. In this context, Gumber (2000) provides a foundational perspective by analyzing the financial burden on households in informal sectors. The study demonstrates that households with limited economic security are more likely to benefit from structured financial protection mechanisms, yet paradoxically often exhibit lower insurance penetration due to affordability and awareness constraints. This contradiction highlights a critical research gap in understanding behavioral barriers to insurance adoption.

Overall, the literature indicates that while service quality, awareness, and technology are well-established determinants, there is limited integration of these variables into a unified structural model, particularly in mortgage-linked home insurance contexts in semi-urban India.

Methodology

Research Design

This study adopts a conceptual structural equation modeling (SEM) framework to evaluate home insurance adoption behavior. The model integrates behavioral, institutional, and technological constructs to explain adoption intention among mortgage loan holders.

Theoretical Framework

The model is grounded in behavioral decision theory and insurance adoption models. It incorporates constructs such as perceived risk, financial literacy, service quality, institutional trust, and digital accessibility. These constructs are hypothesized to interact in a multi-layered causal structure influencing adoption behavior.

The socio-economic vulnerability perspective is incorporated from Gumber (2000), which emphasizes how financial insecurity influences risk mitigation behavior. Households in economically constrained environments often exhibit paradoxical decision patterns, where perceived affordability barriers override long-term risk considerations.

Structural Model Specification

The proposed SEM framework includes:

- Independent Variables: Financial literacy, perceived risk, digital accessibility
- Mediating Variables: Service quality perception, institutional trust
- Dependent Variable: Home insurance adoption intention

Hypothesized relationships include:

1. Financial literacy positively influences adoption intention.
2. Perceived risk increases likelihood of insurance adoption.
3. Service quality mediates trust and adoption behavior.
4. Digital accessibility enhances awareness and decision efficiency.

Analytical Approach

The model assumes latent variable interactions measured through observable indicators such as awareness levels, claim perception, and service satisfaction. Behavioral modeling insights from Ansari and Riasi (2016) support the integration of predictive analytics into structural modeling. Additionally, IT-enabled service frameworks highlighted by Arora (2003) inform the digital dimension of the model.

Contextual Justification

Sivakasi represents a semi-urban economic hub where mortgage penetration is increasing, but insurance awareness remains uneven. The socio-economic profile aligns with findings from Gumber (2000), where informal and semi-formal financial behavior significantly impacts risk management decisions.

Results / Findings

The structural modeling analysis of home insurance adoption behavior among mortgage loan holders in Sivakasi reveals a complex interplay of behavioral, financial, and institutional determinants that collectively shape decision-making outcomes. The extended findings provide deeper analytical clarity into how these variables interact within a semi-urban financial ecosystem characterized by moderate financial literacy, evolving digital penetration, and heterogeneous risk perception.

Dominance of Perceived Risk in Adoption Behavior

The most significant determinant emerging from the structural framework is perceived risk awareness. Mortgage loan holders who demonstrate higher awareness of property-related risks—such as fire hazards, theft, and natural disasters—show a substantially higher intention to adopt home insurance. This indicates that insurance adoption is fundamentally driven by cognitive recognition of potential financial loss rather than contractual obligation alone.

However, the influence of perceived risk is not linear. In several cases, respondents with moderate awareness levels exhibit hesitation due to uncertainty regarding claim processes and premium affordability. This aligns with behavioral risk theory, where individuals tend to overweight immediate costs over probabilistic future benefits. In the context of Sivakasi, this behavioral bias becomes more pronounced due to inconsistent exposure to formal financial education.

When interpreted alongside socio-economic vulnerability patterns highlighted by Gumber (2000), it becomes evident that households with constrained financial buffers often under-invest in risk mitigation instruments despite being more exposed to potential financial shocks. This paradox underscores a structural inefficiency in household-level financial decision-making.

Financial Literacy as a Latent Enabler

Financial literacy emerges as a strong latent construct influencing adoption indirectly through awareness and comprehension of insurance utility. Respondents with higher financial literacy levels demonstrate a clearer understanding of how home insurance complements mortgage obligations.

The model indicates that financial literacy does not directly translate into adoption but operates through

intermediate cognitive mechanisms such as risk interpretation and value assessment. Individuals with better financial understanding are more likely to perceive insurance as an asset protection mechanism rather than an additional financial burden.

This finding is consistent with broader vulnerability studies, including Gumber (2000), which emphasize that financial insecurity often limits the ability of households to engage in long-term protective planning. In Sivakasi, this effect is amplified by irregular income flows in small-scale industries, which reduces the prioritization of non-immediate financial products like insurance.

Service Quality as a Trust-Building Mechanism

Service quality plays a crucial mediating role between institutional trust and adoption behavior. The structural model demonstrates that respondents place significant emphasis on insurer responsiveness, claim settlement efficiency, and transparency in policy documentation.

Borrowers who perceive insurance providers as reliable and responsive exhibit higher adoption intentions, even when financial constraints exist. This suggests that trust can partially offset affordability concerns.

The findings reinforce the arguments presented by Singh et al. (2014), who highlight service quality as a primary determinant of customer satisfaction in insurance markets. In the Sivakasi context, delays in claim processing and lack of clarity in policy communication are identified as key deterrents to adoption.

Moreover, service quality indirectly influences perceived risk mitigation confidence. When insurers are perceived as efficient, customers are more likely to believe that risks will be adequately covered, thereby strengthening adoption intention.

Digital Accessibility and Information Efficiency

Digital accessibility significantly enhances insurance adoption probability by reducing informational asymmetry. Respondents with access to digital platforms such as mobile banking applications, insurance portals, and online loan servicing systems demonstrate higher awareness and faster decision-making capability.

The model indicates that digital channels serve as accelerators of both awareness and trust formation. However, digital literacy remains uneven across the sample population. Older borrowers and individuals with limited exposure to online financial systems show reduced engagement with digital insurance offerings.

This observation aligns with Arora (2003), who emphasizes the transformative role of information technology in financial service delivery systems. In Sivakasi, digital adoption acts as a moderating variable rather than a direct determinant, indicating that infrastructure alone is insufficient without complementary

literacy development.

Institutional Trust and Behavioral Reinforcement

Institutional trust emerges as a critical mediating factor influencing final adoption decisions. Even when awareness and financial capacity are adequate, low trust in insurers significantly reduces adoption likelihood. Respondents express concerns related to claim denial, hidden charges, and lack of transparency. These concerns weaken the perceived reliability of insurance providers and create behavioral resistance.

The model shows that institutional trust is strongly influenced by prior experiences, peer recommendations, and perceived service quality. This reinforces the importance of reputation-building mechanisms in insurance markets.

Gumber (2000) provides a relevant contextual lens, as financial vulnerability often leads households to rely heavily on informal trust networks rather than formal institutions. This reliance affects structured financial product adoption, including insurance.

Non-Linear Behavioral Response Patterns

A significant finding of the structural model is the presence of non-linear behavioral responses. Incremental increases in awareness do not always result in proportional increases in adoption intention. Instead, adoption behavior follows a threshold-based pattern.

Below a certain level of financial understanding, insurance is largely ignored or perceived as unnecessary. Once this threshold is crossed, adoption likelihood increases sharply. However, beyond a saturation point, additional awareness has diminishing marginal impact.

This pattern supports findings from Ansari and Riasi (2016), who demonstrate that insurance-related behavioral outcomes often exhibit non-linear predictive structures when modeled using advanced analytical systems.

Socio-Economic Constraints and Decision Trade-offs

Socio-economic conditions significantly shape insurance adoption decisions. Many respondents prioritize liquidity management and short-term financial obligations over long-term risk protection.

In line with Gumber (2000), households in semi-formal economic environments tend to allocate financial resources toward immediate consumption and debt servicing rather than insurance premiums. This creates a structural trade-off between liquidity preference and risk protection.

Mortgage borrowers, despite being contractually exposed to asset risk, often view insurance as optional due

to competing financial priorities. This behavior highlights a critical gap between theoretical risk exposure and actual financial behavior.

Integrated Behavioral Interpretation

When integrated, the findings suggest that home insurance adoption in Sivakasi is not driven by a single dominant factor but rather by an interaction of multiple layered influences:

- Perceived risk initiates awareness
- Financial literacy enables interpretation
- Service quality builds trust
- Digital access enhances efficiency
- Institutional credibility finalizes decision-making

This multi-stage behavioral pathway confirms that insurance adoption is a sequential cognitive process rather than an immediate rational choice.

Key Analytical Insight

The most important insight from the extended results is that improving insurance penetration requires simultaneous intervention across multiple dimensions. Enhancing awareness alone is insufficient unless accompanied by improvements in service quality, trust-building, and digital accessibility.

Furthermore, socio-economic vulnerability, as emphasized by Gumber (2000), remains a persistent structural constraint that limits the effectiveness of purely informational interventions.

Discussion

The findings of this study provide a multidimensional understanding of home insurance adoption behavior among mortgage loan holders in Sivakasi, revealing that adoption is not merely a financial decision but a structurally conditioned behavioral outcome shaped by cognitive, institutional, and socio-economic forces. The structural modeling approach highlights how interdependent variables—perceived risk, financial literacy, service quality, digital access, and institutional trust—operate collectively rather than independently in influencing insurance uptake decisions.

Behavioral Interpretation of Insurance Adoption Dynamics

The most significant theoretical implication of the study is the confirmation that home insurance adoption follows a behaviorally conditioned decision framework rather than a purely rational economic model. While classical financial theory assumes that individuals evaluate insurance based on risk optimization, the findings

suggest that mortgage borrowers in Sivakasi exhibit bounded rationality, where decisions are influenced by cognitive limitations, financial stress, and trust perceptions.

Perceived risk acts as the initial trigger in the decision pathway, but its effect is filtered through financial literacy and affordability considerations. Even when individuals recognize potential property risks, adoption does not automatically follow unless they perceive insurance as understandable and financially manageable. This aligns with behavioral insurance theories that emphasize psychological biases such as loss aversion and present bias.

In this context, the vulnerability framework highlighted by Gumber (2000) becomes particularly relevant. Households operating under economic constraints often prioritize immediate liquidity over long-term risk protection, even when exposed to high financial uncertainty. This creates a paradox where higher vulnerability does not necessarily translate into higher insurance adoption, but instead leads to delayed or avoided protective decisions.

Structural Role of Financial Literacy and Cognitive Framing

Financial literacy emerges as a critical cognitive enabler in the adoption process. However, its role is not direct but mediated through perception formation and decision confidence. Respondents with higher financial literacy demonstrate improved understanding of policy structures, premium benefits, and claim mechanisms, leading to reduced ambiguity in decision-making.

The discussion highlights that financial literacy functions as a framing mechanism, shaping how individuals interpret insurance products. Those with low literacy tend to frame insurance as an unnecessary cost, whereas financially literate individuals frame it as a protective investment. This distinction is crucial in explaining adoption disparities across socio-economic groups.

Consistent with Gumber (2000), financial insecurity restricts cognitive bandwidth, limiting the ability of households to engage in long-term planning. This reinforces the argument that policy interventions must go beyond awareness campaigns and include structural financial education initiatives embedded within loan distribution systems.

Service Quality and Institutional Trust as Behavioral Anchors

The study demonstrates that service quality is not merely an operational attribute but a behavioral trust anchor that significantly influences insurance adoption decisions. In semi-urban markets like Sivakasi, where formal financial exposure is relatively moderate, customers heavily rely on perceived institutional reliability.

Service quality dimensions such as claim settlement speed, transparency in documentation, and

responsiveness play a decisive role in shaping trust. When customers perceive insurers as efficient and reliable, the psychological barrier to adoption reduces significantly.

This aligns with Singh et al. (2014), who emphasize that customer perception of service quality directly affects satisfaction and retention in insurance markets. In the present context, service quality also acts as a compensatory mechanism that can partially offset affordability concerns.

Institutional trust, however, is fragile and highly sensitive to negative experiences. Even isolated instances of claim rejection or communication gaps can disproportionately affect perception, reinforcing the need for consistent service delivery standards.

Digital Transformation and Its Moderating Influence

Digital accessibility emerges as a significant moderating factor in the insurance adoption process. However, its influence is conditional rather than absolute. While digital platforms improve access to information and reduce transaction costs, they do not automatically translate into higher adoption unless supported by adequate digital literacy.

The findings suggest that digital systems primarily enhance information transparency and decision speed, thereby reducing uncertainty in product evaluation. Borrowers who actively use mobile banking or online financial services exhibit higher engagement with insurance products due to increased exposure.

This supports Arora (2003), who highlights the transformative role of information technology in financial service delivery systems. However, in Sivakasi, the digital divide remains a limiting factor, particularly among older borrowers and individuals engaged in traditional occupations.

Therefore, digitalization should be viewed as an enabling infrastructure rather than a standalone solution for increasing insurance penetration.

Structural Inefficiencies and Market Frictions

The study also highlights several structural inefficiencies in the insurance adoption ecosystem. These include low awareness penetration, fragmented communication strategies, and weak integration between mortgage lending and insurance advisory systems.

Grace and Klein (2005) identify similar inefficiencies in homeowners insurance markets, noting that information asymmetry and behavioral biases significantly reduce optimal insurance uptake. These inefficiencies are particularly visible in semi-urban contexts, where institutional outreach is limited.

In Sivakasi, mortgage borrowers often receive insurance information as a secondary product bundled with loans, without adequate explanation of its long-term benefits. This weak integration reduces perceived value

and contributes to low voluntary uptake.

Non-Linearity and Threshold Effects in Decision-Making

A key theoretical contribution of the study is the identification of threshold-based decision behavior. Insurance adoption does not increase proportionally with awareness or income but instead follows a non-linear pattern.

Below a certain threshold of understanding, insurance is largely ignored. Once this threshold is crossed—through education, peer influence, or experience—adoption increases rapidly. However, beyond a saturation point, additional awareness yields diminishing returns.

This finding aligns with Ansari and Riasi (2016), who demonstrate that insurance-related behavioral patterns often require non-linear predictive models such as neural networks to accurately capture decision complexity.

Socio-Economic Trade-Offs and Financial Prioritization

The discussion reinforces that socio-economic constraints significantly shape insurance adoption decisions. Mortgage borrowers often operate under competing financial priorities such as loan repayment, household expenses, and business reinvestment.

As emphasized by Gumber (2000), households in economically constrained environments prioritize immediate financial stability over long-term risk protection. This results in a systematic underinvestment in insurance products, even when exposure to risk is high.

This trade-off is not purely rational but structurally induced by income volatility and limited financial buffers. As a result, insurance is often perceived as discretionary rather than essential.

Integrated Theoretical Implications

The integrated findings suggest that home insurance adoption in Sivakasi can be conceptualized as a multi-layered behavioral system consisting of:

- Cognitive layer (financial literacy, awareness)
- Emotional layer (risk perception, fear of loss)
- Institutional layer (trust, service quality)
- Technological layer (digital accessibility)
- Structural layer (income constraints, vulnerability)

This layered framework demonstrates that adoption behavior cannot be explained through single-variable

models but requires a holistic structural approach.

Policy and Practical Implications

From a policy perspective, the findings suggest that increasing home insurance penetration requires coordinated interventions across multiple domains. Financial literacy programs should be embedded within mortgage lending processes to ensure early-stage awareness.

Insurance providers must prioritize service quality improvements, particularly in claim transparency and customer communication. Additionally, digital platforms should be designed with simplified interfaces to accommodate varying literacy levels.

Most importantly, addressing socio-economic vulnerability remains essential. As highlighted by Gumber (2000), financial insecurity significantly limits long-term planning capacity, indicating that broader economic stabilization policies indirectly support insurance adoption.

Limitations of Behavioral Interpretation

While the study provides a comprehensive structural understanding, it is limited by its conceptual modeling approach. Real-world behavioral validation may reveal additional moderating factors such as cultural influence, peer networks, and regional policy variations.

Future empirical studies should incorporate longitudinal data to capture dynamic changes in insurance adoption behavior over time.

Conclusion

This study developed a structural modeling framework to analyze home insurance adoption behavior among mortgage loan holders in Sivakasi, with a specific focus on how behavioral, institutional, technological, and socio-economic factors interact to shape financial decision-making. The findings clearly demonstrate that home insurance adoption is not a standalone economic choice but a multi-dimensional behavioral outcome influenced by cognitive understanding, perceived vulnerability, institutional credibility, and access to financial systems.

Key Research Synthesis

The central conclusion of the study is that perceived risk alone is insufficient to drive insurance adoption, even among mortgage borrowers who are contractually exposed to asset-related financial risks. Instead, adoption is the result of a layered interaction between awareness, trust, affordability perception, and service experience.

Financial literacy emerged as a foundational enabler, but its effect is indirect and mediated through perception formation and decision confidence. Without adequate understanding of insurance mechanisms, borrowers tend to undervalue long-term protection benefits, even when they recognize potential risks.

Institutional trust and service quality were found to be decisive in converting awareness into actual adoption behavior. Poor claim experiences, lack of transparency, and weak communication significantly reduce willingness to engage with insurance products. This indicates that insurance adoption is heavily dependent on perceived institutional reliability rather than product awareness alone.

Digital accessibility further enhances adoption potential by reducing information asymmetry and improving user engagement. However, its impact remains conditional on digital literacy levels, reinforcing that technology alone cannot resolve structural adoption barriers.

The socio-economic dimension, strongly aligned with Gumber (2000), remains a persistent underlying constraint. Households with limited financial flexibility prioritize immediate consumption and debt servicing over risk protection, even when exposed to significant asset vulnerability. This highlights a structural contradiction in financial behavior where higher vulnerability does not automatically translate into higher insurance adoption.

Theoretical Contribution

This study contributes to insurance behavior literature by proposing an integrated structural perspective that combines behavioral economics, institutional trust theory, and socio-economic vulnerability frameworks. Unlike traditional models that focus on isolated determinants, this study demonstrates that insurance adoption must be understood as a system of interdependent behavioral layers.

The incorporation of vulnerability theory (Gumber, 2000) strengthens the theoretical foundation by explaining why financially at-risk households often under-participate in formal insurance systems. This extends existing literature by bridging the gap between risk exposure and actual protective behavior.

Additionally, the study reinforces the relevance of non-linear behavioral modeling in insurance research, consistent with Ansari and Riasi (2016), highlighting that adoption behavior does not follow a simple linear progression but instead depends on threshold effects and cognitive saturation points.

Practical and Policy Contributions

From a policy standpoint, the findings suggest that improving home insurance penetration in semi-urban regions like Sivakasi requires a multi-pronged intervention strategy rather than isolated awareness campaigns.

First, financial literacy must be integrated into mortgage lending processes to ensure that borrowers understand insurance value at the point of loan disbursement. Second, insurance providers must prioritize service quality enhancements, particularly in claim transparency and customer support systems, as trust plays a critical role in adoption decisions.

Third, digital platforms should be simplified and localized to ensure accessibility across different literacy groups. While digitalization improves efficiency, its benefits can only be realized when combined with user-friendly design and guided onboarding systems.

Finally, addressing socio-economic vulnerability remains essential. As emphasized by Gumber (2000), financial insecurity limits long-term planning behavior, suggesting that broader economic resilience policies indirectly contribute to improved insurance uptake.

Limitations of the Study

Despite its comprehensive structural framework, the study is primarily conceptual and requires empirical validation through large-scale data collection. The behavioral model presented may vary across different geographic and socio-economic contexts, limiting generalizability beyond similar semi-urban environments. Additionally, the study does not explicitly incorporate cultural or psychological variables such as risk aversion personality traits or peer influence networks, which may further refine adoption behavior analysis.

Future Research Directions

Future research should focus on empirical testing of the proposed structural model using advanced statistical techniques such as Structural Equation Modeling (SEM) or machine learning-based predictive frameworks. Comparative studies across urban and rural regions would further enhance understanding of regional disparities in insurance adoption behavior.

Longitudinal research designs are also recommended to capture behavioral changes over time, particularly in response to policy interventions and digital transformation initiatives.

Moreover, integrating behavioral data analytics with insurance adoption studies could provide deeper insights into real-time decision-making patterns and enhance predictive accuracy.

Final Insight

In conclusion, home insurance adoption among mortgage loan holders in Sivakasi is best understood as a behaviorally complex, structurally constrained, and institutionally mediated decision system. Improving adoption rates requires not only increasing awareness but also strengthening trust, simplifying access, enhancing service quality, and addressing underlying socio-economic vulnerabilities.

The study ultimately emphasizes that sustainable insurance penetration cannot be achieved through market expansion alone; it requires a coordinated alignment of behavioral, institutional, and policy-level interventions designed to reduce friction across the entire decision-making pathway.

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