Awareness and public receptivity for health insurance products a study with reference to Kanchipuram town, India

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KEYWORDS	A B S T R A C T
Health, Benefit, Service, Market, Products, Customer satisfaction	Insurance is one of the sectors in India with great potential and it is one of the most booming sectors today. In the country where LIC was a monopoly now has stiff competition is in the market with other players. With the evolution of so many private companies, each player is coming out with innovative and customer-oriented products. All private players in the industry have come out with four exclusive health plans. In today's health care scenario the country is in the midst of rising causes of many diseases that are not curable. This is coupled with spiraling health costs, high financial burden on the poor and erosion of incomes. The present study is conducted to know the awareness level of the respondents towards the health insurance products in Kanchipuram Town.

Introduction

Health insurance is a type of insurance coverage that pays for medical and surgical expenses that are incurred by the insured. Health insurance can either reimburse the insured for expenses incurred from illness or injury or pay the care provider directly. Health insurance is often included in employer benefit packages as a means of enticing quality employees. The cost of health insurance premiums is deductible to the payer, and benefits received are tax-free.

Health insurance has many cousins, such as disability insurance, critical (catastrophic) illness insurance and long-term care (LTC) insurance.

In today's date health insurance is of true importance in everyone's life. The spiraling medical costs are not easy to afford. There are people who save funds in order to meet the healthcare needs in life. But the health uncertainties can be major. In such cases to

deal with the huge list of medical expenses, people have to extract funds from their personal savings (Kannan and Thangavel, 2008). This affects the personal or family budge on which various other things might depend. So in order to avoid any such situation it is important to prepare oneself for it.

Buying an insurance policy for health is the only provision that can be of great help in such cases. It protects the person from having to bear the treatment expenses on his own. The policy covers the person with a comprehensive canopy that ensures the total healthcare of the insured. To take care of all the medical care needs of the policy holder, the plan weaves along several beneficial features. The features like in-patient treatment, pre- hospitalization, post- hospitalization, day- care procedures and health check- ups, and also takes care of additional expenses that are incurred during the healthcare procedure.

Besides this there are optional features like critical illness cover. This is a feature that facilitates the best health treatment during any major health ailment. The health insurance providers have considered all sorts of problems faced by people in this regard. So they have formulated several innovative policies that can cater to them the best healthcare services at the time of requirement. It has added variety to the kind of insurance plans available for people. It helps the person to choose the plan that can fulfill maximum healthcare needs of the insured.

Indian insurance sector is a substantial one and currently there are many health insurance providers in India. The insurance regulatory body (IRDA) opened this sector in 2000 and investment up to 26% is currently allowed to invest by foreign companies in India. This sector consists of private as well as public sector companies to solicit insurance within the regulations of IRDA. There are lots of options as far as insurance companies are concerned, public as well as health insurance private operators as well.

Health insurance in India is popularly known as Mediclaim. PSU health insurance companies have named basic health insurance plans as Mediclaim. Most of the general insurance companies also provide health insurance products. The health insurance companies in India whom IRDA has issued license for providing health insurance products.

Life insurance companies providing health plans

1. Life Insurance Corporation of India.
2. Aviva Life Insurance
3. Birla Sun Life Insurance
4. Bharti AXA Life Insurance Co. Ltd
5. Bajaj Allianz Life Insurance Co. Ltd
6. Future Generali India Life Insurance Co. Ltd
7. HDFC Standard Life
8. ICICI Prudential Life insurance Co. Ltd
9. IDBI Fortis Life Insurance Co. Ltd
10. Max New York Life Insurance Co. Ltd
11. MetLife India Insurance Co. Ltd
12. Reliance Life Insurance Co. Ltd
13. SBI Life Insurance Company Limited
14. Star Union Daiichi Life Insurance Company Limited
15. TATA AIG Life Insurance Co. Ltd

All these health insurance companies in India provide health insurance products such as mediclaim, topup plans, hospital cash

benefit, critical illness and accidental death and disability cover.

Penetration and density of insurance

The potential and performance of the insurance sector is universally assessed with reference to two parameters, viz., Insurance Penetration and Insurance Density. Insurance penetration is defined as the ratio of premium underwritten in a given year to the gross domestic product (GDP) of the country. Insurance density is defined as the ratio of premium underwritten in a given year to the total population and given in US $. Life insurance penetration had consistently gone up from 2.15 per cent in 2001 to 4.60 per cent in 2009, before slipping to 3.17 per cent in 2012. The insurance penetration of the non-life insurance sector in the country has remained constant in the range of 0.55-0.70 per cent over the last 11 years, i.e., since 2001, however, it rose to 0.78 per cent in 2012. The life insurance density in India has gone up from US $ 9.1 in 2001 to US $42.7 in 2012 though it reached the peak of US $ 55.7 in 2010. The insurance density of non-life sector reached the peak of US $ 10.5 in 2012 from its level of US $ 2.4 in 2001.

Trend in health insurance in India

Health insurance can be defined in a very narrow sense where individual or a group purchases health coverage in advance by paying a premium. But it can be also defined broadly by including all financing arrangements where consumers can avoid or reduce their expenditures at time of use of services.

The health insurance existing in India covers a very wide spectrum of arrangements and hence the latter interpretation of health Insurance is more appropriate.

Health insurance is different from other segments of insurance business and it is more complex because of serious conflicts arising out of adverse selection, moral hazard, and information gap problems.

India spends about 6 per cent of GDP on health care. Private health care expenditure is 75 per cent or 4.25 per cent of GDP and the rest (1.75 per cent) is government funding. At present, the insurance coverage in India is negligible. Most of the public funding is for preventive and primary care programmes while private expenditure is largely for curative and tertiary care. Health insurance is very well established in many countries. But in India, it is a new concept except for the organized sector employees. In India, only about 2 per cent of total health expenditure is funded by public/social health insurance, while 18 per cent is funded through government budget. In many other low and middle income countries, contribution of social health insurance is much higher.

There are various types of health coverage in India.

Government or state-based systems;

❖ Market-based systems (private and voluntary);

❖ Employer provided insurance schemes; and

❖ Member organization (NGO or cooperative)-based systems.

Need for the study

Health insurance plans are meant to provide coverage in certain specific events. They play a crucial role by assisting people while

facing any health crisis. Nowadays, health ailments not only affect the physical state but also lead to mental stress. In case of any critical ailment, the treatment may require hospitalization. In this case the expenses also go higher making it hard for people to meet the expenses incurred.

In financial services, people are primarily bothered about security of their funds and default risks. After the year 1969, the deposits of banks increased more than 80 times as a result of the nationalisation of banks. Paul Cox, (2007) revealed a fact that financial service providers are not perceived highly trusted, so that they might have difficulty in selling risk-based products. The effort to promote insurance business is quite distinguished affair.

At present, it has become very tricky due to the changing trends of industry, increasing competition and efficiency of regulatory environment, and the financial system. The complexity in the insurance services is also an issue of vital importance. This is the time when insurance are offering new and innovative services, frequently in the market. The content of promotional tools should help the customer in making most valuable decision.

Insurance companies are facing stiff competition between them. All the companies try to reach the minds of the customer through their various innovative products. This study was conducted by questioning customers who have already bought the product, prospective customers who are willing to buy the product and prospective customers who are using similar kind of products. The study is conducted with the objective of giving insights in to the customers' needs and preferences regarding health insurance products. The study is limited to the Kanchipuram town only and the level of awareness and receptivity is analyzed with reference to the above place.

Scope of the study

The awareness and receptivity of a product is the critical stage of any product life cycle because it is the initial introduction and promotional level of the product. This study helps to ascertain the extent of receptiveness of the new health products. This study at the initial evolution of the product would help the company's in identifying the set of people who would buy the product with special attention to the demographic profile such as age, income, gender and occupation. Thus they would find in easy as to which segment of the market it has to focus in order to promote their products.

Objectives of the study

1. To understand the customers awareness towards the health insurance products.
2. To identify the customer base who have preferred the health product with regard to certain demographic factors such as age, income, gender and occupation.
3. To determine the factors that have influenced and motivated the customers to purchase the health products.

Limitations of the study

1. A limitation of the current study was the small, non-probability sample of convenience. The size of the sample compared to population was very small. Therefore, some of the findings may slightly vary.
2. A lack of data or of reliable data will likely to limit the scope of analysis,
3. The study is restricted to the Kanchipuram town only.

Research methodology

Research design

The present study has utilized the descriptive research design.

Methods of data collection

Sample size

100 samples from respondents were collected.

Sampling

Non Probability - Convenience sampling is used for the study.

Analytical tools

The tools used in this study are,

1. Weighted Average Method,
2. Chi- Square Test and

Ranking method based on weightage

The weighted score of all the ranking questions are calculated and the overall ranks are assigned to the various factors based on the weighted score. The final ranks are assigned based on the weighted score calculated for each factor.

Chi- square test

Chi-square is a statistical test commonly used to compare observed data with data we would expect to obtain according to a specific hypothesis. There are basically two types of random variables and they yield two types of data: numerical and categorical. A chi square (X^2) statistic is used to investigate whether distributions of categorical variables differ from one another.

1. Among 100 respondents, 86 are male in gender.
2. A major number of respondents are lies in 46 years – 60 years category.
3. 57 respondents are belongs to 25001 to 50000 monthly income category.
4. All the respondents are aware about the various health insurance products.

The Respondents have ranked the factor Critical illness coverage as First, the compensation of loss of income as Second, Full Sum assured as Third, Health cover and the life coverage as Fourth, post hospitalisation expenses as Fifth among the various factors which matter to them while choosing an insurance plan.

The Respondents have ranked the factor Coverage of diseases as First, Eligibility condition as Second, and No medical bills required as Third, Premium payment frequency as Fourth, Term of policy as Fifth, Premium amount as sixth and Claim procedures as seventh among the various features of health insurance products.

Chi – square test

Null hypothesis: 1

There is no significant relationship between the services provided by various insurance companies

Calculated Chi- Square (χ^2) Value = 202.7
Level Of Significance = 0.05
Degrees Of Freedom (N-1) = 4
Table Value = 9.49

Calculated χ^2 value is greater than the table value, so Null Hypothesis (H0) is rejected. Therefore, there is a significant relationship

between the services provided by various insurance companies.

Null hypothesis: 2

There is no significant difference between the various factors influencing the insurer to insure towards Insurance plans.

Calculated Chi- Square (χ^2) Value = 4.64
Level of Significance = 0.05
Degrees of Freedom (N-1) = 3
Table Value = 7.81

Calculated χ^2 value is smaller than the table value, so Null Hypothesis (H0) is accepted. Therefore, there is no significant difference between the various factors influencing the insurer to insure towards Insurance plans.

Null hypothesis: 3

There is no significant difference between the various products influencing the respondents to insure towards Insurance plans.

Calculated Chi- Square (χ^2) Value = 73.44
Level of Significance = 0.05
Degrees of Freedom (N-1) = 3
Table Value = 7.81

Calculated χ^2 Value is greater than the table value, so Null Hypothesis (H0) is rejected. Therefore, there is a significant difference between the various plans in which the respondents have insured.

Null hypothesis: 4

There is no significant difference between the various critical illnesses and in which respondents are more attentive.

Calculated Chi- Square (χ^2) Value = 26.90
Level of Significance = 0.05
Degrees of Freedom (N-1) = 5

Table Value = 11.07
Calculated χ^2 Value is greater than the table value, so Null Hypothesis (H0) is rejected. Therefore, there is a significant difference between the various critical illnesses and in which respondents are more attentive.

Findings of the study

1. Among the 100 respondents, 86 are male gender and remaining 14 are female gender.
2. A major number of respondents are lies in 46 years − 60 years age category.
3. 57% of respondents are belongs to 25001 to 50000 monthly income level category.
4. All the respondents are aware about the various health insurance products available in the market.
5. The Respondents have ranked the factor Critical illness coverage as first among the various factors which matters to them while choosing an insurance plan.
6. The Respondents have ranked the factor Coverage of diseases as first among the various features of health insurance products.
7. There is a significant relationship between the various services provided by the insurance companies
8. There is no significant relationship between the various factors influencing the insurer to insure towards Insurance plans.
9. There is significant relationship between the various products influencing the respondents to insure towards Insurance plans.
10. There is a significant relationship between the various critical illnesses and in which respondents are more attentive.

Table.1 Demographic characteristics of respondents

Demographic Characteristics	No. of Respondents
Gender	
Male	86
Female	14
Total	**100**
Age Group	
Below 30 years	12
31 years – 45 years	20
46 years – 60 years	52
Above 61 years	16
Total	**100**
Level of Income	
Below 10000	7
10001-25000	20
25001 - 50000	57
Above 50000	16
Total	**100**
Awareness about Health Insurance	
Yes	100
No	-
Total	**100**

Table.2 Preference for choosing the health products

Ranks	1	2	3	4	5	Total	WA	Rank
Weight (Y)	5	4	3	2	1			
Critical Illness Coverage (X1)	29	19	26	16	10	100	3.41	**1**
X1*Y	145	76	78	32	10	341		
Health Cover + Life Cover (X2)	14	21	22	23	20	100	2.86	**4**
X2*Y	70	84	66	46	20	286		
Post Hospitalization Expenses (X3)	13	4	16	31	36	100	2.29	**5**
X3*Y	65	16	48	64	36	229		
Full Sum Assured (X4)	12	27	15	30	16	100	2.89	**3**
X4*Y	60	108	45	60	16	289		
Loss of Income (X5)	29	24	20	9	18	100	3.37	**2**
X5*Y	145	96	60	18	18	337		

Table.3 Rating of the various features of health insurance products

Factors	Excellent	V. Good	Good	Fair	Poor	Total	WA*	Rank
Weight (Y)	5	4	3	2	1			
Coverage of Disease (X1)	46	16	17	8	13	100	3.74	1
X1*Y	230	64	51	16	13	374		
No Medical Bills Required (X2)	30	18	24	26	2	100	3.48	3
X2*Y	150	72	72	52	2	348		
Claim Procedures (X3)	0	18	52	17	13	100	2.75	7
X3*Y	0	72	156	34	13	275		
Term of Policy (X4)	17	13	26	33	11	100	2.92	5
X4*Y	85	52	78	66	11	292		
Eligibility Conditions (X5)	30	27	22	16	5	100	3.61	2
X5*Y	150	108	66	32	5	361		
Premium Amount (X6)	3	33	24	20	20	100	2.79	6
X6*Y	15	132	72	40	20	279		
Premium Payment Frequency (X7)	14	22	29	21	14	100	3.01	4
X7*Y	70	88	87	42	14	301		

Table.4 Testing the relationship between the services of insurance companies

Company	Observed (O)	Expected (E)	$\chi^2 = (O-E)^2/E$
ICICI Prudential	76	20	156.8
LIC	16	20	0.8
TATA AIG	3	20	14.45
Birla Sun Life	3	20	14.45
Others	2	20	16.2
Total	100	100	202.7

Table.5 Testing the significance between various factors influencing to insure

Factors	Observed (O)	Expected (E)	$\chi^2 = (O-E)^2/E$
Lower Premium Rate	23	25	0.16
Terms and Conditions	17	25	2.56
Returns and Coverage	31	25	1.44
Tax Benefit	29	25	0.64
Total	100	100	4.64

Table.6 Relationship between various products influencing the respondents to insure

Name of the Plan	Observed (O)	Expected (E)	$\chi^2 = (O-E)^2/E$
Critical Care	24	25	0.04
Health Assure Plus	60	25	49
Cancer Care	12	25	6.76
Diabetes Care	4	25	17.64
Total	100	100	73.44

Table.7 Relationship between critical illness and in which respondents are more attentive

Name of the Plan	Observed (O)	Expected (E)	$\chi^2 = (O-E)^2/E$
Heart Attack	32	20	7.2
Cancer	14	20	1.8
Kidney Failure	10	20	5
Coronary Artery Bypass Surgery	25	20	1.25
Stroke	7	20	8.45
Organ Transplant	12	20	3.2
Total	100	100	26.90

Suggestions for improvement

In this last section let me list out a few suggestions for improving Health Insurance schemes and to make them attractive.

1. As senior citizens cannot afford the cost of premiums, but they badly need some kind of Insurance or the other, premiums must be linked to cost of living Index. In a way if it is possible, the Government may subsidize premium.
2. Insurance policy must be made portable across various insurers. In most of the schemes pre-existing diseases are allowed after a certain period of continuation of policy. This is called the waiting period. If the customer can move from one insurer to another without loss of continuity all insurance companies may become competitive.
3. Government of India should allow Income Tax Rebate say up to 25% of premium contributed. Presently the insurance premium up to certain limits is exempted Income Tax.
4. Tax rebates must be available for ALL insurance companies registered with IRDA, and just for Mediclaim policy of Government companies.
5. As a result of improvements on Healthcare, drugs, living habits etc, life expectancy has increased. Entry Age restrictions must be removed or liberalized. Presently, even though Medical Insurance is permitted to be active beyond 65, one must have started paying premiums much earlier.
6. Diseases, which are not allowed, in insurance scheme, are often called Exception List. This list must be short and meaningful.
7. Premiums must be reasonable.

8. Consumer-directed health plans (CDHPs) enable people to treat their health care expenses like many of their other expenses.

9. Finally, Health is valuable present for human life. People can have money, houses, some luxurious things but they cannot buy health. Once getting a serious disease, everything becomes nothing immediately. So agree with the point that "Prevention is better than cure".

Conclusion

A healthy physical state leads to a healthy mind. This further enables the person to think about various things and enjoy all of them. Unlike this an unhealthy individual can think of only how to recover his/ her health. Any health ailment makes the person physically weak. This takes away the freshness and enthusiasm from life. Nobody wants to fall ill and taste the bitter medicines but the health ailments keep no bar in affecting one and all. Irrespective of age, health status and income level, sickness can come to anyone. It can hamper the life of anyone at any stage in life. The situation becomes complicated when the illness is some major health ailment. As it is a new product the company has to apply many promotional and adverting techniques in order to market and sell this product. In this tough competition in private life insurance sector the company has to focus on the demographic profile of clients and target those customers. Tax saving benefits could be highlighted more for promoting the insurance products.

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