

## **Health Insurance Policy Holders Perception towards Public Sector Health Insurers in Erode District Of Tamil Nadu**

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### **I. Introduction**

Marketing is undisputedly the most important function of all business organizations worldwide. Today, it has become a significant function of services and non-profit organizations as well. Further, the present era is an age of information technology, which facilitates communication as an integrating process of civilized societies and this has been brought in contact the poles apart and interact for fun, knowledge, sharing and doing business and trade. The expanding horizons of marketing have intensified the competition, keen in satisfying customers with myriad products and services, raising their levels of standard of living and all this taken together constitute the dawning of a new era of marketing. The fact that the perceived quality of the product is becoming the most important competition factor in the business world has been the reason of naming the present business era as “Quality Era”. Consequently, service marketing intellectuals and researchers have offered several metaphors of this issue. The term “insurance” is primarily associated with life insurance – the most popular form of insurance in India (around 570 million insurable lives in 2011) There are two reasons for this- first, with low life expectancy (37 years in 1951) and a tight-knit family structure, people primarily sought financial security. Second, life insurance has been traditionally positioned as a tax-planning tool. Health Insurance in India was introduced in 1986 in the form of Mediclaim by the public sector general insurance companies. Post liberalization, several private insurance companies entered the market with attractive packages and as of 31st March 2012, there are 22 organizations, that include stand alone health insurance companies, providing health insurance scheme of some form or other to the consumers. In India, insurance is a flourishing industry, with several national and international players competing and growing at rapid rates.

Health insurance continues to be one of the rapidly growing sectors in the Indian insurance industry. The growth of the health insurance industry lies mainly in better customer orientation in terms of servicing the customers, standardization of procedures and definition across the industry. The standardization provides simple yet innovative products, better understanding of the terms by the public and easy penetration in the market. Increased awareness about the benefits of health insurance, particularly in urban areas has occurred due to rise in the medical costs and also a result of popular government schemes. This, in turn, has steered the authority to take a number of initiatives in health insurance sector.

### **Importance of the Study**

Indian households are good savers; they do not undertake financial planning and are financially at risk. Households need to understand the risk of both ‘living too long’ and ‘dying too young’. Further, in urban India and amongst the salaried class, insurance is largely used as a tax saving tool, rather than for protection against risk. There is a need to reorient the consumer about the benefits of health insurance for both financial protections as well as for long- term wealth creation. The importance of insurance is unquestionable in modern economies as it serves a broad public interest.

### **Statement of the Problem**

The insurance industry was a government monopoly. It is now experiencing cutthroat competitions because, a number of players have entered into the Indian market in the form of joint ventures with Indian private sector partners. Consequently, the Indian Insurance industry is closely integrated with the world economy, thereby making it imperative for insurance companies to operate outside national boundaries. During the long monopoly regime, the government attempted minor changes in the procedures without going into the root cause. The deregulation requires the comprehensive changes in the character and basic policies of the industry. Increasing market competition, heightened customer service expectations and the need to build competencies that stand out from the competition are some of the key challenges facing the insurance industry today.

## II. Objectives of the Study

The following are the main objectives of the study.

1. To study the growth of health insurers in general and in particular to public health insurers.
2. To analyze the policy holder's perception towards the services of public health insurers in the study area.

## III. Research Methodology

Research methodology specifies a method for acquiring the information needed to structure or solve the problem at hand. By methodology of any research means the selection of the representative sample, collection of relevant data, application of appropriate research tools and techniques for analysis. In the present study, extensive use of both primary and secondary data was made systematically. For collecting primary data, field survey technique was used in the study area i.e., Erode District.

### Sampling Design

In the first stage, Tamil Nadu has been selected because one of the leading states for health insurance spending. The prime goal of the present study is to analyze the customer's perception and satisfaction towards service quality of select public sector health insurers (National Insurance Co, Ltd, New India Assurance Co. Ltd, Oriental Insurance Co. Ltd and United India Insurance Co. Ltd) in the respective study area. Erode District has been selected by the researcher purposely as it is one among the leading districts in promoting health insurance. The primary data was collected from the health insurance policy holders of Public health insurers. The technique adopted for the selection of sample respondents is Stratified Random Sampling followed by Convenience Sampling method and 150 respondents from each of the public sector health insurers have been selected which resulted in a total of 600 respondents. The survey was conducted in six Taluk of Erode district with a total of 600 respondents. The questionnaire was getting filled from 600 respondents for the purpose of analysis.

### Global Insurance Markets

As per the world insurance report, published by the reinsurance, major "Swiss Re" the global life insurance premium in real term grew by 2.3% in 2012 to USD 2621 billion after a contraction of 3.3% in 2011 mainly driven by the emerging markets. In advanced market premium grew by 1.8% in 2012 as compared to negative growth of 3% in 2011. An advanced Asian market, which includes Japan, Hong Kong, South Korea and Taiwan, registered a growth rate of 8.8 %. Premium increased by 2.3% in the USA. Premium in Western Europe continued to contract, but the rate of contraction declined to negative 3.1% in 2012 as compared to negative 9.7% in 2011. Emerging market premium increased by 4.9% in 2012. Global Non-Life premium in real term grew by 2.6% in 2012 as compared to 1.9% in 2011. Premium in advanced markets grew by 1.5% in 2012 as against 0.9% in 2011. Premium in advanced Asian market registered a robust growth of 5.8% in 2012 mainly supported by South Korea (14%) and Hong Kong (8.2%). In emerging markets, Non Life premium registered a growth of 8.6% in 2012 as compared to 8.1% in 2011.

**Table NO.1: International Comparison of Insurance Penetration (In percent)**

Countries	2011			2012		
	Total	Life	Non-life	Total	Life	Non-life
United Kingdom	11.8	8.7	3.1	11.2	8.4	2.8
Switzerland	10.0	5.5	4.5	9.6	5.3	4.3
United States	8.1	3.6	4.5	8.2	3.7	4.5
<b>Asian Countries</b>						
Taiwan	17.0	13.9	3.1	18.2	15.0	3.2
South Korea	11.6	7.0	4.6	12.1	6.9	5.3
Hong Kong	11.4	10.1	1.4	12.4	11.0	1.4
Japan	11.0	8.8	2.2	11.4	9.2	2.3
Singapore	5.9	4.3	1.5	6.0	4.4	1.6
Malaysia	5.1	3.3	1.8	4.8	3.1	1.7
<b>India</b>	<b>4.1</b>	<b>3.4</b>	<b>0.7</b>	<b>4.0</b>	<b>3.2</b>	<b>0.8</b>

Source: Secondary Source

As per the report, outlook for non –life insurance industry will remain positive. Growth in emerging markets is expected to be strong due to better economic outlook and increasing penetration. The report also mentioned the global shifts taking place in the insurance market. Over the last fifty years share of premium shifted away from Europe and Anglo-Saxon market to Asian markets. The share of Europe and Anglo –Saxon market in global premium volume fell from 93% in 1962 to 56% in 2012. Over the next ten years, this shift is likely to continue and by 2023 China is expected to become the second largest insurance market after the USA.

### **Kinds of Health Insurance Policies**

Health insurance policies are available from a sum insured of Rs 5000 in micro-insurance policies to even a sum insured of Rs 50 lakhs or more in certain critical illness plans. Most insurers offer policies between 1 lakh to 5 lakh sum insured. As the room rents and other expenses payable by insurers are increasingly being linked to the sum insured opted for, it is advisable to take adequate cover from an early age, particularly because it may not be easy to increase the sum insured after a claim occurs. Also, while most non-life insurance companies offer health insurance policies for a duration of one year, there are policies that are issued for two, three, four and five years duration also.

- **Individual** - Designed to cover an individual against various illnesses with cashless hospitalization and other features.
- **Family Floater Mediciclaim** - Covers family members against diseases under a single plan, this cover offers a fixed sum insured for the members that can be either availed by an individual member or as a sum total for treatment of one person.
- **Surgery & Critical Illness** - Availed as a standalone plan or a rider in case of treatment against serious illnesses like- cancer, kidney failure, heart attack, paralysis etc.
- **Senior Citizen** - Covering customer when they turn old and unable to resist severe sickness because of his growing age. According to IRDA norms, every insurer needs to provide cover for people up to the age of 65 years.
- **Preventive Healthcare** - In charge of concerns related to expensive preventive care treatments which include consultation charges and other tests or x-ray fee concessions.

### **Level of Perception towards Services Offered by the Public Sector Health Insurers**

An attempt has been made to know the level of perception towards the services offered by the public sector health insurers among public sector health insurers. For the purpose of this study, it has been classified into twenty five categories viz., a health insurance policy can cover the risk of a major medical expenditure, a health insurance policy can provide a sense of security regarding medical care for me & my family, the process of taking health insurance cover is relatively easy, health insurance companies give good response to queries and clarifications from the customers, the settlement of claims by health insurance companies is satisfactory, the health insurance policy is a worthy investment, the services provided by health insurance companies is reliable., attractive schemes are available under health insurance policies, there are suitable covers for people of different categories, critical illness cover policies are useful, the premiums charged by health insurance companies are reasonable, the benefits offered for different premium charged gives good value, company personnel are available on call for queries & clarifications, promotional offers influence my decision to purchase a health insurance policy, brochures and websites of health insurance providers give good information about policies and schemes, health insurance companies give sufficient advance information regarding policy renewal, advertisements have influence on my decision to take health insurance, the brand name is an important factor for me to select health insurance provider, brand gives me an assurance about quality of service, trust in the service provider is essential while selecting a health insurance policy, marketing initiatives of health insurance companies have a positive impact on the purchase decision on health insurance by customers, health consciousness of people is high, health insurance companies have come up with attractive schemes, health insurance support at the time of difficulty to meet unexpected medical expenditures and a health insurance policy can help in taking care of rising cost of health care. The details are furnished in the following table.

**Table NO. 2: Level of Perception towards Services Offered by the Public Sector Health Insurers.**

S.No	Statements	SA	A	N	DA	SDA
1.	A health insurance policy can cover the risk of a major medical expenditure	226 (37.7%)	139 (23.2%)	147 (24.5%)	46 (7.7%)	42 (7.0%)
2.	A health insurance policy can provide a sense of security regarding medical care for me & my family	212 (35.3%)	145 (24.2%)	167 (27.8%)	36 (6.0%)	40 (6.7%)
3.	The process of taking health insurance cover is relatively easy	212 (35.3%)	128 (21.3%)	149 (24.8%)	35 (5.8%)	76 (12.7%)
4.	Health insurance companies give good response to queries and clarifications from the customers	209 (34.8%)	130 (21.7%)	142 (23.7%)	47 (7.8%)	72 (12.0%)
5.	The settlement of claims by health insurance companies is satisfactory	139 (23.2%)	119 (19.8%)	127 (21.2%)	97 (16.2%)	118 (19.7%)
6.	The health insurance policy is a worthy investment	196 (32.7%)	120 (20.0%)	160 (26.7%)	35 (5.8%)	89 (14.8%)
7.	The services provided by health insurance companies are reliable.	206 (34.3%)	131 (21.8%)	147 (24.5%)	49 (8.2%)	67 (11.2%)
8.	Attractive schemes are available under health insurance policies	124 (20.7%)	100 (16.7%)	129 (21.5%)	128 (21.3%)	119 (19.8%)
9.	There are suitable covers for people of different categories	166 (27.7%)	173 (28.8%)	100 (16.7%)	99 (16.5%)	62 (10.3%)
10.	Critical Illness cover policies are useful	188 (31.3%)	135 (22.5%)	133 (22.2%)	74 (12.3%)	70 (11.7%)
11.	The Premiums charged by health insurance companies are reasonable	187 (31.2%)	148 (24.7%)	136 (22.7%)	74 (12.3%)	55 (9.2%)
12.	The benefits offered for different premium charged gives good value	194 (32.3%)	140 (23.3%)	143 (23.8%)	56 (9.3%)	67 (11.2%)
13.	Company personnel are available on call for queries & clarifications	143 (23.8%)	147 (24.5%)	131 (21.8%)	95 (15.8%)	84 (14.0%)
14.	Promotional offers influence my decision to purchase a health insurance policy	177 (29.5%)	130 (21.7%)	125 (20.8%)	77 (12.8%)	91 (15.2%)
15.	Brochures and websites of health insurance providers give good information about policies and schemes	156 (26.0%)	119 (19.8%)	139 (23.2%)	45 (7.5%)	141 (23.5%)
16.	Health insurance companies give sufficient advance information regarding policy renewal	153 (25.5%)	99 (16.5%)	110 (18.3%)	102 (17.0%)	136 (22.7%)
17.	Advertisements have influence on my decision to take health insurance	162 (27.0%)	126 (21.0%)	106 (17.7%)	102 (17.0%)	104 (17.3%)
18.	The Brand name is an important factor for me to select health insurance provider	123 (20.5%)	105 (17.5%)	103 (17.2%)	118 (19.7%)	151 (25.2%)
19.	Brand gives me an assurance about quality of service	140 (23.3%)	124 (20.7%)	111 (18.5%)	83 (13.8%)	142 (23.7%)
20.	Trust in the service provider is essential while selecting a health insurance policy	133 (22.2%)	117 (19.5%)	102 (17.0%)	100 (16.7%)	148 (24.7%)
21.	Marketing initiatives of health insurance companies have a positive impact on the purchase decision on health insurance by customers	146 (24.3%)	119 (19.8%)	116 (19.3%)	81 (13.5%)	138 (23.0%)
22.	Health consciousness of people is high	123 (20.5%)	97 (16.2%)	115 (19.2%)	129 (21.5%)	136 (22.7%)
23.	Health insurance companies have come up with attractive schemes	146 (24.3%)	105 (17.5%)	102 (17.0%)	102 (17.0%)	145 (24.2%)
24.	Health insurance support at the time of difficulty to meet unexpected medical expenditures	175 (29.2%)	114 (19.0%)	129 (21.5%)	99 (16.5%)	83 (13.8%)
25.	A health insurance policy can help in taking care of rising cost of health care	173 (28.8%)	106 (17.7%)	123 (20.5%)	67 (11.2%)	131 (21.8%)

**Source: Primary Data**

It is found from the above table that the respondents are strongly agree towards a health insurance policy can cover the risk of a major medical expenditure, a health insurance policy can provide a sense of security regarding medical care for me & my family, the process of taking health insurance cover is relatively easy, health insurance companies give good response to queries and clarifications from the customers, the settlement of claims by health insurance companies is satisfactory, the health insurance policy is a worthy investment, the services provided by health insurance companies is reliable., critical illness cover policies are useful, the premiums charged by health insurance companies are reasonable, the benefits offered for different premium charged gives good value, promotional offers influence my decision to purchase a health insurance policy, brochures and websites of health insurance providers give good information about policies and schemes, health insurance companies give sufficient advance information regarding policy renewal, advertisements have influence on my decision to take health insurance, marketing initiatives of health insurance companies have a positive impact on the purchase decision on health insurance by customers, health insurance companies have come up with attractive schemes, health insurance support at the time of difficulty to meet unexpected medical expenditures and a health insurance policy can help in taking care of rising cost of health care as 37.7, 35.3, 35.3, 34.8, 23.2, 32.7, 34.3, 31.3, 31.2, 32.3, 29.5, 26.0, 25.5, 27.0, 24.3, 24.3, 29.2 and 28.8 percent respectively. On the other hand, the selected respondents have agreed towards there are suitable covers for people of different categories and company personnel are available on call for queries & clarifications at 28.8 and 24.5 percent respectively. 21.5 percent of the respondents neutrally agree towards attractive schemes are available under health insurance policies. The respondents strongly disagree towards the brand name is an important factor for me to select a health insurance provider, brand gives me an assurance about quality of service, trust in the service provider is essential while selecting a health insurance policy and health consciousness of people is high as 25.2, 23.7, 24.7 and 22.7 percent respectively. It is found from the analysis that the majority (37.7%) of the respondents is strongly agrees towards a health insurance policy can cover the risk of a major medical expenditure.

#### **IV. Conclusion**

This is not the era of monopoly where only one exist and rule over the market, rather, this is the phase of globalization, liberalization, and privatization where the doors are opened for all to enter into the domestic market and operate freely with certain regulations, which gives rise to the immense competition in the market and creates anomalies in the market, so in order to survive in this phase any firm has to focus on driving desired amount of satisfaction from their customers. Insurance penetration in India is very low therefore there is a need to develop more insurance education among the masses that will help the insurance industry to grow. Healthcare transformation must focus on the three key goals of access, cost, and quality.

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