A STUDY ON FACTORS INFLUENCING SELECTION OF HEALTH INSURANCE POLICY

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ABSTRACT

The pandemic has left its mark on almost all industries and sectors including health insurance. With the individuals perception on the future to be more unsecured due to Health Emergency and other unforeseen Contingencies in life during Covid-19 Pandemic. People are extremely worried about the risk to their family’s physical health. As a result the perception of the importance of health Insurance increased more than ever before. Health insurance is indispensable in India. Health insurance provides the much-needed cushion and helps one manage one’s finance in the moment of crisis. However, many people find it confusing when it comes to settle with the right provider of health insurance plans in India as there are abundance of health insurance companies. They should choose any of the health insurance companies as per their needs after going through the features and benefits. This paper focuses on factors that are influencing selection of health insurance, features expected, and benefits in health insurance policy.

Keywords: Health Emergency, Finance, Features, Benefits

I. INTRODUCTION

Health insurance relate to a type of insurance that essentially covers one’s medical expenses. A health insurance policy like other policies is a contract between an insurer and an individual/group in which the insurer agrees to provide specified health insurance cover at a particular ‘premium’ subject to terms and conditions specified in the policy.

Health Insurance is a medical insurance given by an insurance company, wherein it reimburses the medical expenses incurred for a valid hospitalization. The individual has to pay a certain amount each year, known as premium, to keep the health insurance policy active.

Health insurance is the most emerging sector in India nowadays due to increasing rates of illness and diseases and high expenses incurred in hospitalization and treatments for these diseases. Various health insurance schemes are existing in the markets which are providing benefits from an individual to an entire family also called family floater policies.

In India, health insurance companies have been focussing health insurance covers against COVID-19 since its spread. The demand for health insurance has witnessed a significant rise with the coronavirus pandemic. Fortunately, health insurance is available to take care of various unforeseen health emergencies

Paying a small health insurance premium is the simplest way to mitigate the financial losses and to achieve peace of mind.

1. Classification of Health Insurance Business

Health insurance business is classified into

- Government Sponsored Health Insurance,
Group Health Insurance (Other than Government Sponsored) and

Individual Health Insurance

2. Benefits of Health Insurance policy

- Safety and security measures of health care
- To prevent huge medical expenses
- To secure whole family’s health under a single policy
- To get reimbursement of medical expenses
- To get better treatment in best hospital.

3. Key Points to be considered before buying Health Insurance

- Reputation of the health insurance company
- Sum Insured Amount
- Policy premium to be paid to avail the coverage benefits
- Range of network hospitals
- Claim Settlement Ratio
- Waiting Period
- Co-payment clause

4. Factors determining health insurance policy

5. Review of literature

Dr Rana Rohit Singh, Abhishek Singh (2020) studied the concept and structure of health insurance in India, and also identified the key areas for improvising this sector and concluded that health insurance could be a breakthrough for common public at large who can avail best in class medical facilities in any part of the country to the extent of sum assured in the policy document without bothering to any loss of savings leading to financial and mental disability.

www.turkjphysiotherrehabil.org
K Swathi and R Anuradha (2017), highlighted the concept and benefits of health insurance and also presented an overview of health insurance sector in India, different health insurance plans and steps to file health insurance claim.

Binny, Dr. Meenu Gupta (2017) studied major Players in Health Insurance Industry, Types of Health Insurance, opportunities and challenges in health insurance sector. Researcher concluded that the Government should also help to promote the health insurance business.


Suman Devi research Dr. Vazir Singh Nehra (2015) discussed innovations in health insurance, problems of health insurance sector and provided solutions to overcome problems.

6. OBJECTIVES OF THE STUDY:

- To identify the factors influencing selection of health insurance policy.
- To assess the features expected and benefits in health insurance.
- To analyse the level of satisfaction of policy holder in claim settlement process in health insurance.

7. METHODOLOGY

The study is empirical in nature and uses primary and secondary data. Primary data for the study was collected with the help of questionnaire. The sample size is 250. The secondary data are collected published sources - books and web-sites, working paper, magazines and research reports. Tools used for analysis are percentage analysis, weighted mean score, rank analysis, and Anova test.

8. SCOPE OF THE STUDY

The study identifies different factors influencing selection health insurance policy. The reason for choosing this topic is to analyse features expected by the policy holder and also benefits for which policy is taken.

9. LIMITATIONS OF THE STUDY

- The data was collected from the respondents in the city of Chennai only with limited sample size of 250.
- The accuracy of the study is purely based on the information provided by the respondents.

10. ANALYSIS AND FINDINGS OF THE STUDY

CUSTOMER PROFILE OF RESPONDENTS

- Most (43.8%) of the respondents are of age group between 36 to 45 years and (33.2%) of the respondents belong to the age group between 26 to 35 years.
- Majority (51%) of the respondents belong to the category of female.
- Majority (67.2%) of the respondents belong to the category of UG level of education.
- Majority (70.40%) of the respondents belong to the category of private employee.
- Majority (42.8%) of the respondents belong to the category of Rs 10,001 - 20,000 was monthly income of the customer.
- Majority (60%) of respondents purchased health insurance from public sector insurer.

RANK ANALYSIS

In this study, rank analysis has been carried out to identify the factors influencing selection of health insurance policy.
From the table, it can be inferred that Reputation of health insurance company is ranked the first factor, Range of network hospital scores second rank, Hospitalisation cover scores third, Claim ratio gets fourth rank, Special features gets fifth rank, Existing disease scores sixth rank, Percentage of bill payment gets seventh rank and Room rent eligibility gets eighth rank as the factors influencing selection of health insurance policy.

**Major Sources of Information on Health Insurance for Consumers**

In this study, rank analysis has been carried out to identify major Sources of Information on Health Insurance for Consumers.

<table>
<thead>
<tr>
<th>SNo</th>
<th>Information Source</th>
<th>Percentage of Respondents</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Newspaper Advertisement and related news</td>
<td>77.2</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Friends &amp; Relatives</td>
<td>59</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Insurance agents</td>
<td>53</td>
<td>3</td>
</tr>
<tr>
<td>4</td>
<td>TV Advertisements</td>
<td>52.8</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>Company brochures/ events</td>
<td>12.1</td>
<td>5</td>
</tr>
<tr>
<td>6</td>
<td>Internet</td>
<td>10.8</td>
<td>6</td>
</tr>
<tr>
<td>7</td>
<td>Hospitals</td>
<td>6.77</td>
<td>7</td>
</tr>
</tbody>
</table>
Newspaper Advertisement and related news ranked the first, Friends and relatives scores second rank, Insurance agents scores third, TV Advertisements gets fourth rank, Company brochures/ events gets fifth rank, Internet is ranked as sixth, Hospitals as seventh and Outdoor ads as eight Sources of Information on Health Insurance for Consumers.

**Analysis of features expected in health insurance policy using weighted mean score**

<table>
<thead>
<tr>
<th>S.no</th>
<th>Elements</th>
<th>Weighted mean scores</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Free annual health check up</td>
<td>3.20</td>
<td>.771</td>
</tr>
<tr>
<td>2.</td>
<td>Flexibility of policy offered</td>
<td>3.93</td>
<td>.912</td>
</tr>
<tr>
<td>3.</td>
<td>Comprehensive coverage</td>
<td>3.80</td>
<td>.909</td>
</tr>
<tr>
<td>4.</td>
<td>Goodwill and linkage of company with third party administrator</td>
<td>3.52</td>
<td>.841</td>
</tr>
<tr>
<td>5.</td>
<td>Life time renewal option</td>
<td>3.50</td>
<td>.822</td>
</tr>
</tbody>
</table>

From the above table, it is evident that mean value is above 3 for all the five elements indicating that all the respondents strongly expect these features in health insurance policy.

**Analysis of benefits for which health insurance policy is taken using weighted mean score**

<table>
<thead>
<tr>
<th>S.no</th>
<th>Elements</th>
<th>Weighted mean scores</th>
<th>Standard deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Reduce out of pocket expenditure</td>
<td>3.22</td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Emergency healthcare</td>
<td>4.00</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Tax gains</td>
<td>3.61</td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Better utilization of health care facility</td>
<td>3.30</td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>covering medical gain</td>
<td>4.10</td>
<td></td>
</tr>
</tbody>
</table>

From the above table, it is evident that mean value is above 3 for all the five elements indicating that all the respondents strongly agree the above benefits for which health insurance policy is taken.

**PERCENTAGE ANALYSIS**

In this study, Percentage analysis has been carried out to identify level of satisfaction of claim settlement in health insurance.

<table>
<thead>
<tr>
<th>S.NO</th>
<th>Level of satisfaction</th>
<th>NO. OF RESPONSE</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Highly satisfied</td>
<td>94</td>
<td>37.6</td>
</tr>
</tbody>
</table>
The above table shows that 37.6% of the respondents are highly satisfied with claim settlement process in health insurance 34% of the respondents are satisfied with claim settlement process in health insurance 16% of the respondents are neutral with claim settlement process in health insurance 8.4% of the respondents are dissatisfied with claim settlement process in health insurance 4% of the respondents are highly dissatisfied with claim settlement process in health insurance

ANOVA
An analysis of variance was performed to see whether there were significant difference between different age groups and level of satisfaction in claim settlement process in health insurance policy. The results indicated there is no significant difference between different age groups and level of satisfaction in claim settlement process in health insurance policy.

11. FINDINGS

- Reputation of health insurance company is ranked as the first factor, Range of network hospital scores second rank, Hospitalisation cover scores third, Claim ratio gets fourth rank, Special features gets fifth rank, Existing disease scores sixth rank, Percentage of bill payment gets seventh rank and Room rent eligibility gets eight rank as the factors influencing selection of health insurance policy.

- Newspaper Advertisement and related news ranked the first, Friends and relatives scores second rank, Insurance agents scores third, TV Advertisements gets fourth rank, Company brochures/ events gets fifth rank, Internet is ranked as sixth, Hospitals as seventh and Outdoor ads as eight Sources of Information on Health Insurance for Consumers

- Flexibility of policy offered, Comprehensive coverage, Goodwill and linkage of company with third party administrator, Life time renewal option and free annual health check-up are features expected in health insurance policy.

- Covering medical gain, Emergency healthcare, Tax gains, Better utilization of health care facility and Reduce out of pocket expenditure are the benefits for which health insurance policy is taken.

- Majority(72%) of the respondents are satisfied with claim settlement process in health insurance

- There is no significant difference between different age groups and level of satisfaction in claim settlement process in health insurance policy.

II. CONCLUSION

Buying health insurance protects us from the sudden, unexpected costs of hospitalization which would otherwise lead to financial difficulties. There is reluctance among the younger age group to opt for health insurance. While buying a health insurance cover, most senior citizens are giving priority to a comprehensive health insurance plan rather than buying a disease-specific cover. This is because disease-specific health covers do not promise comprehensive coverage.

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