Health Insurance: A Study of Consumer Behavior

Dr. Zankhana Atodaria[1], Heany Golwala[2], Bhavik Ahir[3]

[1]Assistant Professor, Rajju Shroff ROFEL Institute of management studies, Vapi
[2,3]Rajju Shroff ROFEL Institute of management studies, Vapi

Abstract

Globally, People finance their medical needs through health insurance among varied ways. However, People are ignorant towards it including those who can afford it. Especially in India, subscription paralysis has been observed. An investor need to recognize the risk and manage appropriately. This study aims to examine the socio-economic factors that affect decision of investors to invest in health insurance. Data is collected through a structured questionnaire filled by 151 respondents. The relationship between demographic characteristics & policy features, as well as between demographic variables & the percentage of income invested in health insurance, was examined though Chi-square run in SPSS. The investment decision is affected by the income component and the benefits provided by an insurance policy.

Keywords: Insurance, Health insurance, Consumer Behavior.

INTRODUCTION:

Health insurance (sometimes called medical insurance) covers some or all of the costs of medical services one receives, such as doctor visits, hospital stays, and emergency room visits. It helps to keep healthcare costs predictable and affordable. One needs to pay several different amounts for health insurance, normally, a fixed monthly premium to the insurance company. This is a fixed amount that one pays out-of-pocket before health insurance starts paying for medical services. The amount one pays are either a co-payment (fixed amount) or coinsurance (part of the service fee). Medicare facility is a form of health insurance administered by the federal government.

LITERATURE REVIEW:

M. Priyadarsini (2013), explored the investor behavior towards health insurance in Salem, Tamil Nadu. Structured questionnaire was administered to 200 respondents, considered for the analysis. It was found that people of Salem district lack consciousness of health insurance & their income level does not support high premium policy.

Dr. Vijeta Chaudhary (2019), studied the satisfaction & awareness level of customers regarding health insurance. She found policy agents as source of information & awareness followed by friends & relatives. She also found no significant association between age & satisfaction with the health services provided, also between qualification & health insurance policies purchased be respondents.

A study conducted by Dr. **Prakash M & Ravi K** revealed a very low interest in group Health insurance policies. Respondents became aware about Health insurance mainly through agents & internet. Most important reason for investing in health insurance is risk coverage against future illness. Existing illness is the least important.

Dr. Bansal & Dev studied the factors influencing investment decisions of investors towards life insurance policies in Punjab. They found demographics like age, gender and income affects the decision of insurance product buyers. LIC is the most preferred player followed by SBI Life Insurance. Company reputation, money back guarantee, risk coverage, low premium and easy access to agents are the features which attracted policy holders. Respondents look for trusted name in a company for insurance, followed by good plans, friendly service and accessibility.

Anjali Jacob (2018) did a study on customer perception towards health insurance in Ranny Thaluk. Friends, relatives & colleagues are found to be major sources of awareness. The respondents are aware of consequence of non-payment, claim procedure, coverage and withdrawal procedure but not about tax benefit. Easy accessibility of linked hospitals is the major reason for choosing a particular health insurance company. She also found that There is no significant difference among different income categories regarding premium paid.

According to **Bajpai et al. (2019)**, LIC is the most well-known brand followed by SBI, ICICI, and Bajaj Allianz & HDFC. Age, income, and gender are the variables that influence insurance policy purchase decisions. The customers are attracted by characteristics such as company reputation, low-risk coverage, money-back guarantee, and easy access to agents. Most of the respondents preferred Money back policy followed by an endowment plan & term plan.

Balakamakshi & Dr. R Savithri (2021) studied the relationship between the annual income of the family with the reasons for selecting health insurance policy and premium commitment by the respondents. They found a significant positive correlation between Annual Income and the reasons for selecting Health Insurance Policy. A significant relationship between annual income of the family and the premium commitment was established. Moreover, there is significant relationship between Premium Amount and the Sum Assured. It is concluded from the study that the people are aware of health insurance but they are not inclined to purchase health insurance facilities.

Dr. Jain & Saini (2022) aimed to analyze whether the occupation of respondents is an important factor while choosing the insurance based on the unforeseen events prior to such uncertainties. They found that there is a significant difference in consumer perception towards insurance as an investment option. It has been further observed that students' perception is different from service employees, businessmen and professionals while no significant difference between students and agriculturalists. Majority of investors' investment objective is to generate moderate capital with some income whereas least number of the investors prefer investment to generate aggressive capital growth over long term.

The study conducted by **Dr. Jadhav & Bhavnani (2019)** focused on awareness of health insurance in Ulhasnagar area of Thane district. They concluded that respondents were aware about medical coverage but not regarding health care coverage or mediclaim strategies. Individuals trust privately owned general insurance agencies. Respondents had little knowledge regarding medical coverage arrangements, terms and conditions provided by health insurance companies. Health insurance have more scope in India.

In contrast to price, product features, brand value, flexibility, maturity benefits and economic growth, **B asak (2021)** found that service quality, low premium, trust, effective agent, technology, and communication are the most significant driving factors for policyholders' happiness. It is recommended that the amount and number of premiums should be fixed cautiously & quality of the service has to be maintained. Companies should recruit well qualified and efficient agents. Technology facilitates communication with prospective and existing customers & can also be used as a promotional tool. Companies can easily update customers regarding products, price, etc. Also, Companies should focus on

their brand value.

Nursiana et al. (2021) analyzed the influence of product quality factors, product risk, company reputation, and service quality on the purchase intention of insurance policies by customers in Indonesia. The variables studied were company reputation, product quality, service quality, perceived risk, and purchase intention. A positive and significant effect of product quality on purchase intention, company reputation & perceived risk perception & positive but non-significant effect on service quality was found. Company reputation had a positive and significant effect on purchase intention but positive and insignificant effect on service quality. Service quality has a significant positive effect on purchase intention. Perceived risk has a significant negative effect on purchase intention, a positive and significant impact on service quality & a significant positive effect on company reputation.

Dr. Atodaria et al. (2022) conducted a study of factors affecting life insurance investment decision in vapi city. They found that the investment decision is affected by income & benefits provided by the insurance company.

RESEARCH METHODOLOGY:

A. Research design:

This study followed a descriptive research design. Primary data is collected through a structured questionnaire from 151 residents of vapi that are chosen based on non-probability convenient sampling method. The secondary data is collected through insurance journals, magazines and website of insurance companies. Data analysis has been conducted through SPSS. Chi-Square Test has been used to test the hypotheses.

B. Objectives:

• to study consumer behavior towards health insurance.
• to study the factors of consumer policy choices.
• to study the socio-economic status of health policy holders

C.　　Hypothesis of the Study:

Hypothesis 1: between age & benefits provided by health insurance providers.

H0: There is no significant difference of opinion among different age group respondents regarding benefits provided by health insurance providers.

Hypothesis 2: between age & choice of insurance company

H0: There is no significant difference of opinion among different age group respondents regarding choice of insurance company for health insurance.

Hypothesis 3: between age & choice of insurance company for fitness insurance

H0: There is no significant difference of opinion among different age group respondents regarding the choice of insurance company for fitness insurance.

Hypothesis 4: between occupation & benefits provided by health insurance providers.

H0: There is no significant difference of opinion among different occupation categories regarding benefits provided by health insurance providers.

Hypothesis 3: between annual income & choice of insurance company for fitness insurance

H0: There is no significant difference of opinion among different annual income group respondents regarding the choice of insurance company for fitness insurance.
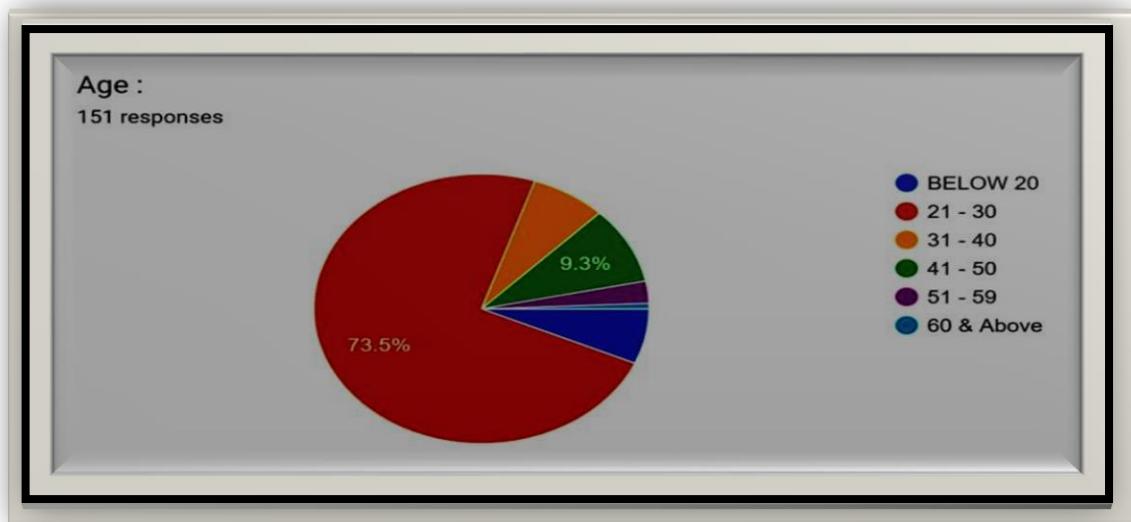
**DATA ANALYSIS:**

Figure 1
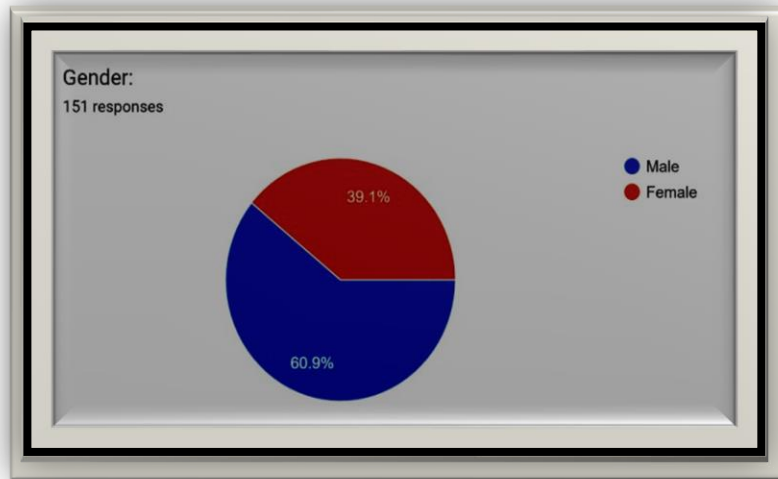
From figure 1, It can be stated that out of 151 respondents 39% are male and 61% are female.

Figure 2

We can observe from figure 2 that out of 151 respondents 6.6% of respondents aged below 20, 73.5% are in the age group of 21-30years, 7.3% in the age group of 31 – 40 years, 9.3% in the age group of 41-50 years, 2.6% in the age group of 51-59 years, 7% are in the age group of 60 & Above.

Figure 3
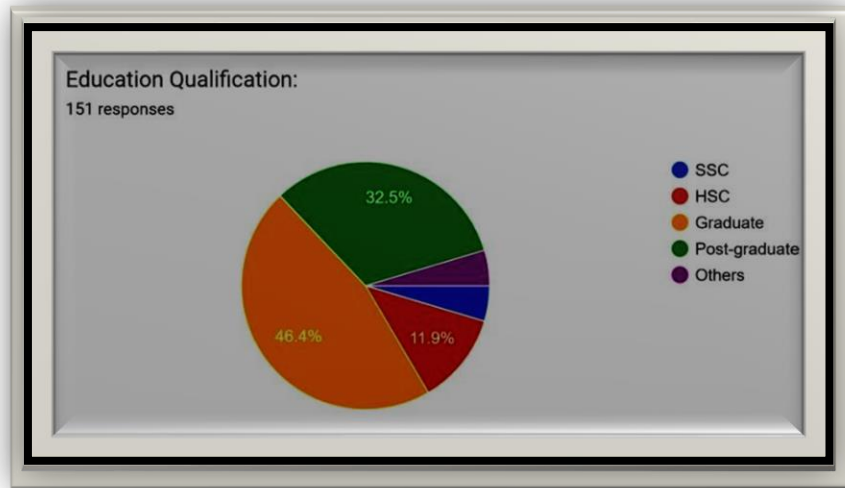
From figure 3, It can be stated that out of 151 respondents 4.6% of respondents are SSC, 11.9% of respondents are HSC, 46.4% of respondents are Graduate 32.5% of respondents are PG, 4.6% of respondents are others.

Figure 4
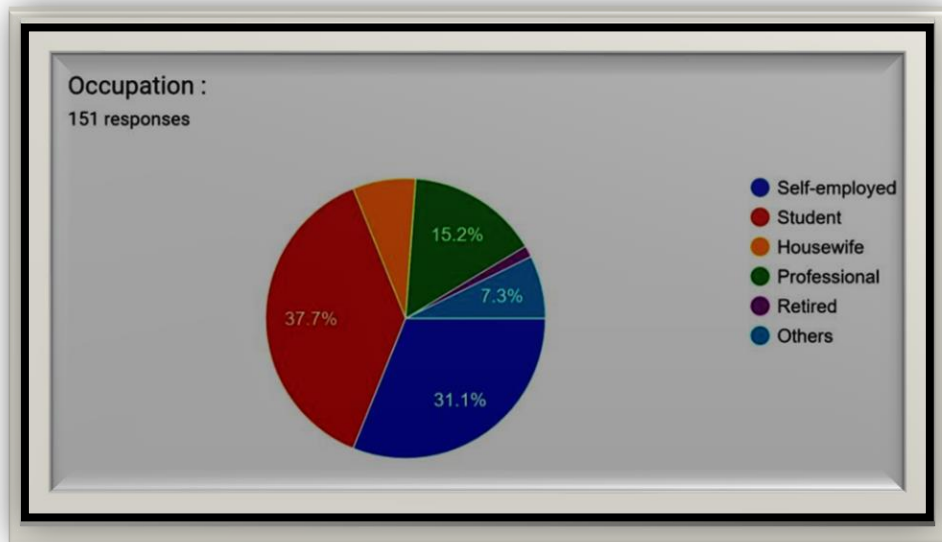
Figure 4 show It can be stated that out of 151 respondents 31.1% of respondents are Self – Employed, 37.7% are Students, 7.3% are Housewife, 15.2% are Professional, 1.3% are Retired, 7.3% of the respondents fall in Other category.
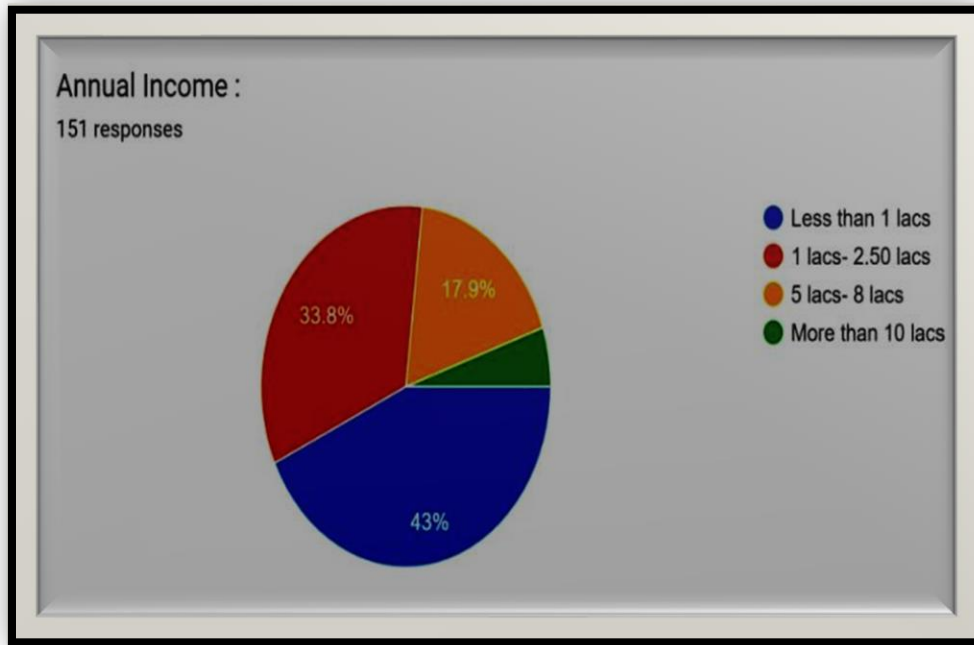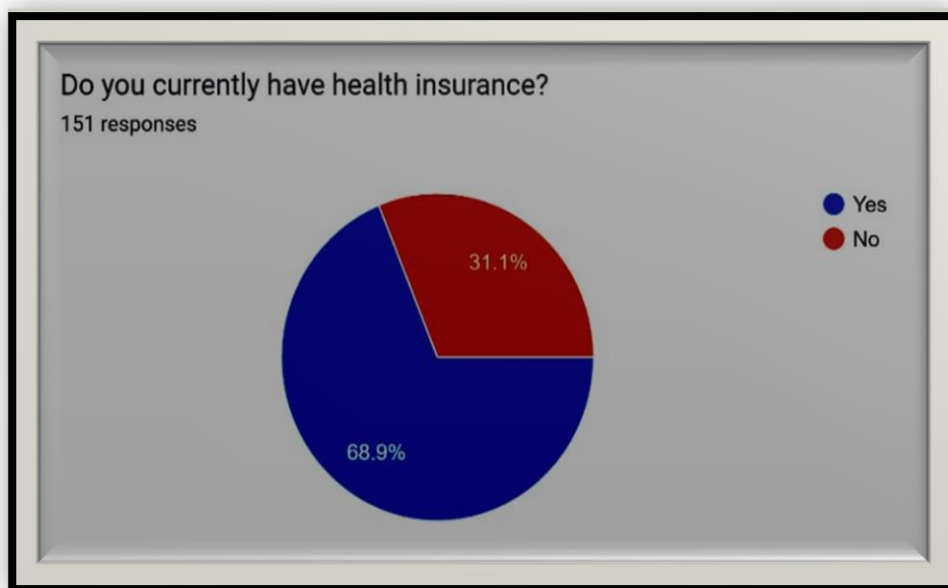
Figure 5

Figure 5 shows It can be stated that out of 151 respondents 43.0% of respondents belong to the group of Annual Income of less than1Lac, 33.8% have annual income between 1 to 2.50 lacs, 17.9% have annual income between 5 to 8 lac, 5.3% have annual income between More than 10 lacs.

Figure 6

From figure 6 It can be stated that out of 151 respondents 68.9% of respondents currently have health
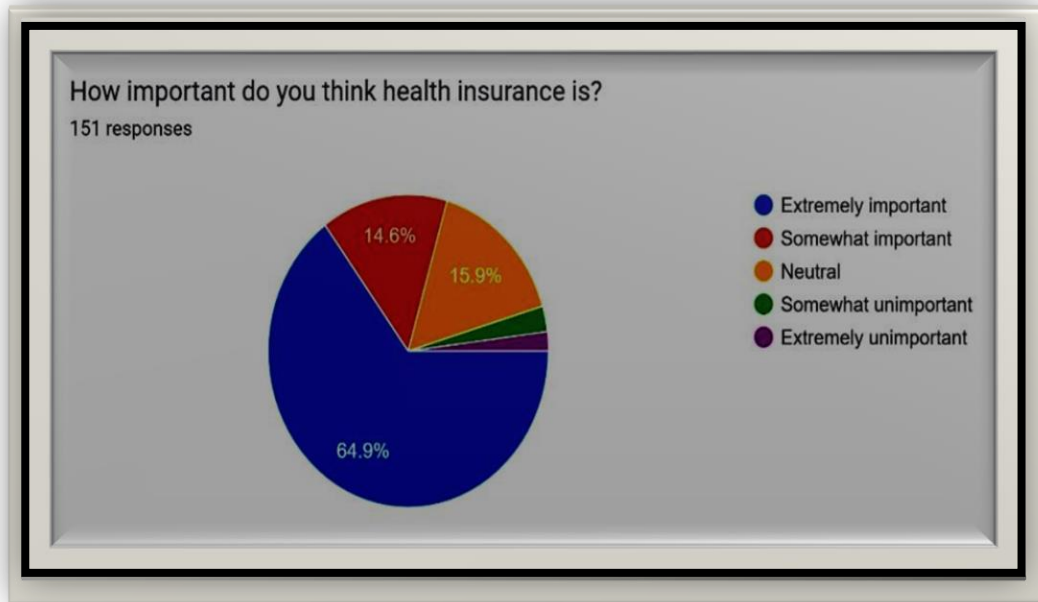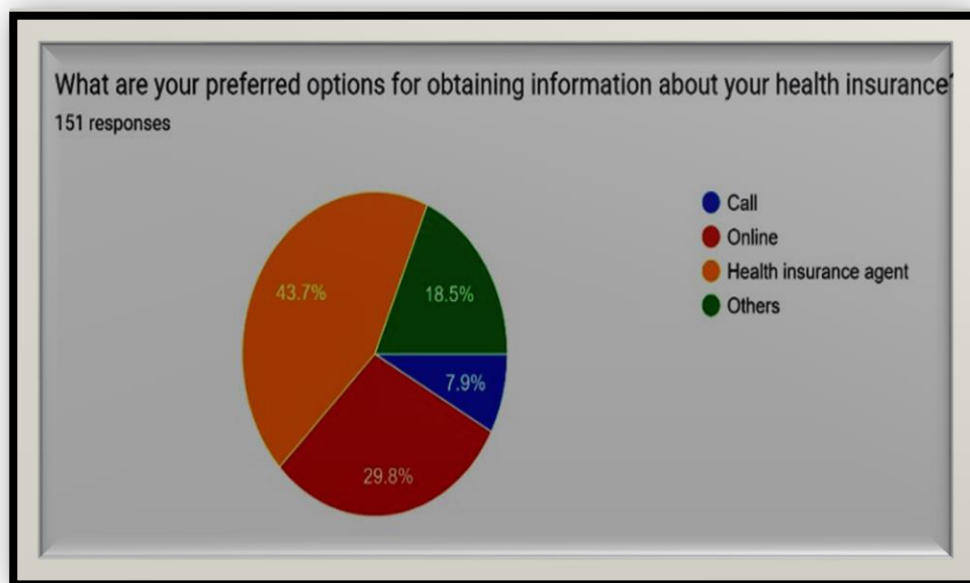
insurance.

Figure 7

Figure 7 It can be stated that out of 151 respondents 2% of respondents considered health insurance to be Extremely Unimportant, 2.6% of respondents considered health insurance to be somewhat Unimportant 15.9% of respondents considered it as neutral, 14.6% of respondents considered health insurance to be Somewhat Importance, 64.9% of respondents considered health insurance to be Extremely Important.
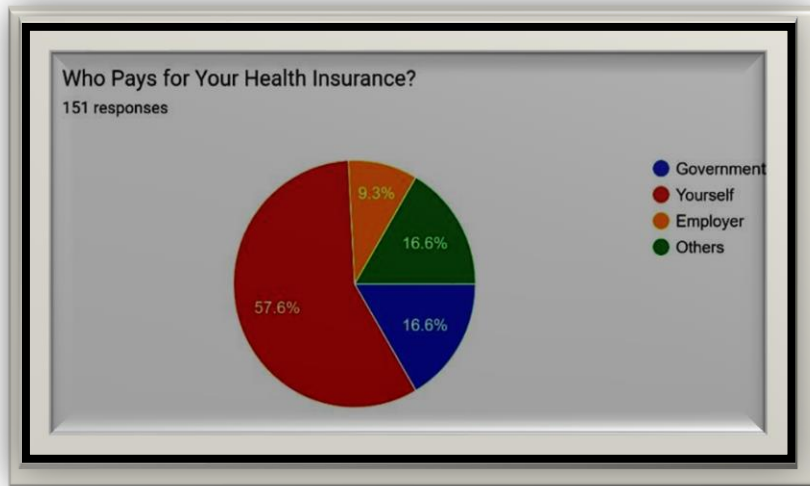
Figure 8

From figure 8, It can be stated that out of 151 respondents 7.9% preferred Health insurance agent for buying health insurance, 29.8% of respondents preferred online mode for buying health insurance,

43.7% of respondents preferred other ways of buying health insurance.

Figure 9

From figure 9, It can be stated that out of 151 respondents 9.3% of respondents' premium was paid by employer, 16.6% of respondents' insurance premium was paid by government, 57.6% of respondents' insurance premium was paid by themselves & 16.6% of respondents' insurance premium was paid by others.
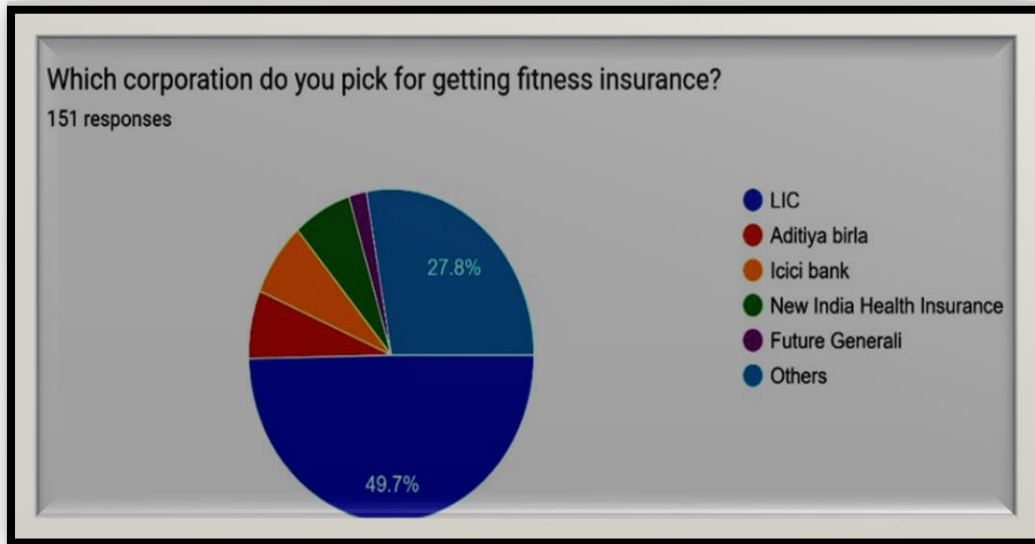
Figure 10
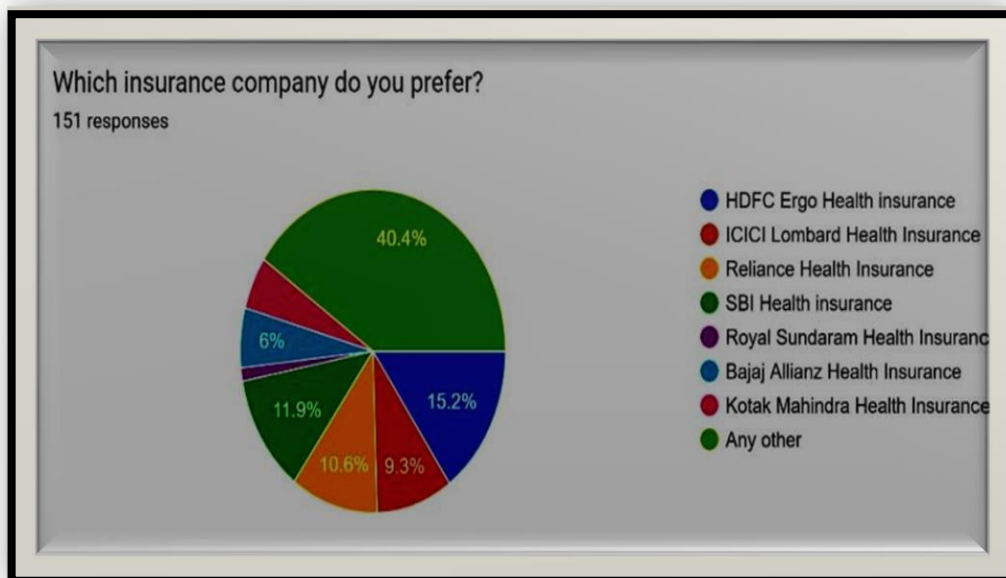
From figure 9, It can be stated that out of 151 respondents 15.2% of respondents insurance had been covered by the HDFC Ergo Health insurance, 9.3% of respondents had ICICI Lombard Health insurance, 10.6% of respondents had Reliance Health insurance policy, 11.9% of respondents had SBI Health insurance, 1.3% of respondents had Royal sundaram Health insurance, 6% of respondents had Bajaj

Allianz Health insurance, 5.3% of respondents had Kotak Mahindra Health insurance, 40.4% of respondents had any other Health insurance.

Figure 11

From figure 10, It can be stated that out of 151 respondents 49.7% of respondents of LIC, 6.6% of respondents of Aditiya Birla, 7.3% of respondents of ICICI bank, 6.6% of respondents of new India Health insurance, 2% of respondents of Future Generali, 27.8% of respondents in others.

Figure 12
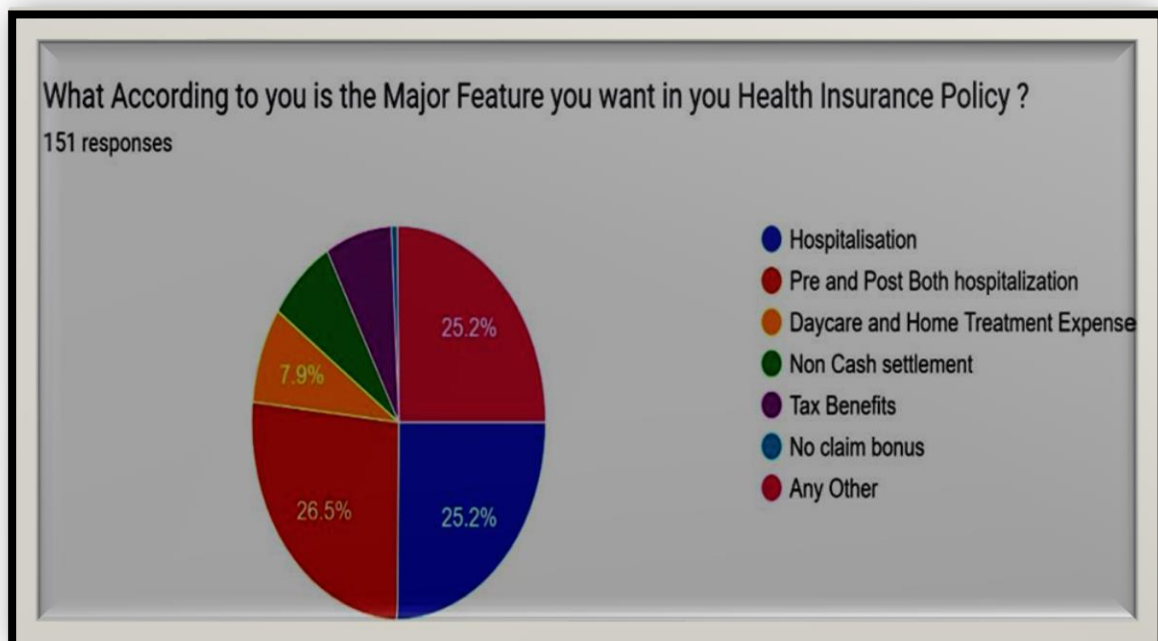
From figure 11, It can be stated that out of 151 respondents 25.2% of respondents in Hospitalization. 26.5% of respondents in Pre and Post Both Hospitalization, 7.9% of respondents in Daycare and home

Treatment Expense, 7.3% of respondents in Non Cash settlement, 7.3% of respondents in Tax Benefits, 0.7% of respondents in No claim bonus, 7.3% of respondents in Non Any other.

Table1
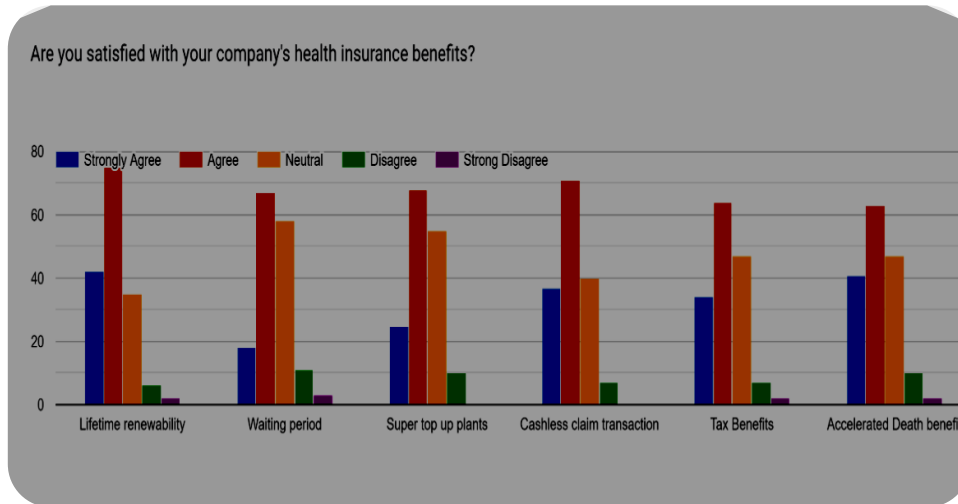
From table 1, It is evident that out of 151 respondents 46.4% of respondents agreed to lifetime renewability feature satisfactory level. Moreover, 26.5 % respondents strongly agreed to this.11.3% of respondents strongly agreed & 43% agreed to the waiting period feature. Additionally, 14.6% of respondents strongly agreed & 44.4% agreed to Super top up plans satisfactory level. Regarding cashless claim transaction feature, 23.8% of respondents strongly agreed & 46.4% agreed. 22.5% of respondents were satisfied & 41.1% were highly satisfied regarding Tax benefits. When asked about accelerated death benefits, 25.2% of respondents were highly satisfied & 37.7% were satisfied.

Table 2

Chi Square results (P values)			
	Benefits Provided by co.	Choice of Co.	Choice of co. for fitness insurance
Age	0	0.039	0.017
Occupation	0.005	-	-
Annual Income	-	-	0.023
All results significant at 5% level of significance			

Table 2 covers chi square test results of hypothesis testing. There is strong association between age & benefits provided by company, between age & choice of company as well as age & choice of company for fitness insurance. There is strong association between occupation & benefits provided by company. Moreover, there is strong association between annual income & choice company for fitness insurance.

CONCLUSION:

Health insurance has come vital these days for everyone. Health insurance has made it easy for people to buy one & insure the health, but due to lack of mindfulness and lack of clarity, a lot of people haven't benefited from it yet. Company should come up with clear policy and applicable details about the services.

They should make the threats and benefits clear. Companies should make it hustle free for client for better retention and attracting new customers as well. More clarity, transparency, knowledge sharing will definitely help health insurance company's share to grow.

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