



POLICY HOLDERS' AWARENESS AND FACTORS INFLUENCING PURCHASE DECISION TOWARDS HEALTH INSURANCE IN DHARMAPURI TOWN

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Abstract

The health insurance industry has grown phenomenally due to liberalization of Economy and general awareness among the public. It is essential to understand the consumers how far they are interested in buying health insurance, consumers perception is to be recorded, it is essential to limit the out-of-pocket expenses of the consumers, and suggest and bring an awareness to the consumers how health insurance would help in reducing their financial burden during hospitalization. This study is to analyze the policyholders' awareness level towards Health insurance. It is also study the factors which are considered most by the policyholders before taking health insurance policy. The sample size of the study was conducted in Dharmapuri town with 150 respondents through convenient sampling method. The study found the customers' awareness level in different aspects and the policy premium and amount coverage are most influencing factors.

Keywords: Health insurance, perception, awareness, policyholders.

I. INTRODUCTION

An Individual and a family can lead a peaceful life when they live a healthy life without having to worry about any unforeseen medical issues. Unforeseen medical needs may adversely affect on financial commitments and it leads to immediate cash flows. The regular savings are withdrawn which hinders to achieve our long term financial goals. So Health insurance overcomes such limitations. It will help in maintaining the good health without disturbing the financial stability. With health issues becoming more complex in nature now-a-days it has become a necessity to plan for your health. Health insurance policies are available that offer both individual and family coverage.

For most people living in developing countries and especially in rural areas “health insurance” is still an unknown word. It is generally assumed that, with the exception of the upper classes, people cannot afford such type of social protection. For most people living in poor developing countries illness still represents a permanent threat to their income earning capacity. Beside the direct costs for treatment and drugs, indirect costs for the missing labour force of the ill and the occupying person have to be shouldered by the household. The rural population faces the same risks as the urban population such as death, illness, injury and accident. The rural populations are more vulnerable to such risks because of their social and economic situation. There is a felt need to provide financial protection to rural families for the treatment of major ailments, requiring hospitalization and surgery. In order to bridge the gap in provision of health care facility particularly in rural areas the Government has taken a lot of initiatives. Health insurance could be a way of removing the financial barriers and improving accessibility to quality medical care by the poor and also an effective social security mechanism.

II. HEALTH INSURANCE

Health insurance is an insurance product which covers medical and surgical expenses of an insured individual. It reimburses the expenses incurred due to illness or injury or pays the care provider of the insured individual directly.

Health insurance in India provides only inpatient hospitalization services and outpatient services were not payable. The first health insurance policies in India were Mediclaim policies. Government of India in the year 2000 liberalized insurance and permitted private players into insurance sector. The emergence of private insurers introduced many innovative products like family floater plans, critical illness plans, hospital cash and top-up policies. Health insurance provides the coverage against high medical expenses that may arise due to illness and accidental injuries.

The General Insurance Corporation of India and the Insurance Regulatory and development Authority conducted an awareness campaign for all sections of the Society to improve the awareness of health insurance and reduce the procrastination for buying the health insurance. Majority of Indians are more vulnerable to Major ailments. Marketing of Health insurance policies become paramount important to help people to meet out the untoward expenses arising out of unexpected ailments. It will be a win-win situation for Public and companies of increasing the penetration of health insurance products to its fullest potential. The benefit of health insurance has to be extended to the excluded population too.

III. REVIEW OF LITERATURE

Meyr and Tennyson (2015) provide the first investigation of information markets as a reaction to deregulation of product forms in insurance markets. The article included the case of Germany, where insurance product ratings entered the market after relaxation of product regulation in 1994. The ratings' potential for enhancing the performance of a deregulated insurance market is analyzed by considering both market structure and governance characteristics of the rating market. Results suggest that market governance and competition characteristics are favorable for the production of unbiased and informative ratings. Ratings for disability insurance support this interpretation, since the characteristics of the ratings conform to theoretical predictions about ratings in well functioning rating markets.

Aami and Ahmad. (2013) Analyzed the awareness and willingness to buy health insurance and barriers to the subscription of health insurance in Pakistan. The result revealed that 82% of the respondents were aware of health insurance mainly through friends and insurance agent, followed by TVs, newspaper and family. The main barriers that prevented them from buying health insurance were difficulty in approaching insurance agents,

inadequacy of knowledge on a part of insurance agents, dissatisfaction behavior of insurance agents, accessibility and service quality of the linked hospitals, lack of reliability and flexibility.

Ghosh. (2013) examined the awareness and willingness to pay for health insurance in Darjeeling. It was found that 31.5% of the respondents were aware of health insurance and only 18.5% of them subscribed to it. The main sources of awareness of health insurance are through agent, tax consultants, family, friends, TVs and doctors. It was found that marital status and income of the respondents were positively associated with health insurance, but education was negatively associated with it

Negi and Singh (2012) in the study of demographic analysis of factors influencing purchase of life insurance products in India have concluded that 'Product Quality and Brand Image' has got the highest mean. The insurance companies thus should try to maintain the timely and satisfactory service along with maintaining their reputation and goodwill. The companies should pay more attention timely and hassle free settlement of the claims. Further customer relationship management should be of utmost importance for such companies. 'Brand Loyalty' has been rated lowest among customers while selecting and purchasing insurance product which signifies the healthy competition among the insurance industry (IRDA Annual Report, 2011-12).

Shanmuganathan and Muthian (2012) has done a comparative analysis on standing of ULIP's in an individual investment portfolio and concluded that Investment in ULIP with equity investment options is better than that of traditional investment. If investment horizon is long and equity should generate decent returns in the long run. Simultaneously, if we can think of investing in Mutual Funds, ULIPs are the smart choice for people who want to enjoy market returns and keep the controls in their hands. In addition it gives insurance cover with the flexibility to adapt changing lifestyle needs. This is a viable option for those who want a convenient, economical, one-stop solution.

IV. OBJECTIVES OF THE STUDY

The present study is aiming

1. To identify the level of awareness of policyholders about Health Insurance schemes.

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2. To study the factor influencing the policyholders in purchasing Health Insurance Policy.

V. METHODOLOGY

The present study was made in Dharmapuri town, Tamil Nadu. This is one of the most economically backward areas in the state. For finding the awareness level about the health insurance, 150 samples were selected from the study area. Convenient sampling method is used for the study. The data were collected through well structured interview schedule during the month of December 2018. To measure the awareness level score and factors' score, Garrett's ranking technique was used.

VI. AWARENESS LEVEL

The awareness about the policy is very important. The essential of health insurance policy, the knowledge about the premium, the hospitals and diseases covered by the policies, the tax benefits of the health insurance policies etc., should be known by the policyholders. Regarding these areas, ten statements were given in a three points linkerts scale. The score was considered as their awareness level. The result is given below:

TABLE-1
AWARENESS LEVEL ABOUT HEALTH INSURANCE POLICY

| AWARENESS | TOTAL SCORE | MEAN SCORE | RANK |
|--|--------------------|-------------------|-------------|
| Health insurance saves medical expenditure | 8053 | 53.69 | II |
| Tax benefits | 7210 | 48.06 | III |
| Hospitals coverage | 6984 | 46.56 | IV |
| Health insurance is very essential | 8585 | 57.23 | I |

The above table shows that the policy holders are highly aware about the essential of health insurance for every family. It is ranked number one among the four variables with a

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mean score of 57. Many of the respondents feel that health insurance policy saves the medical expenditure. But the respondents are not aware about the tax benefits of the health insurance schemes and the hospitals covered by their medical policy.

VII. FACTORS CONSIDERED BY POLICYHOLDERS

The policyholders are not simply takes their decision. While taking the insurance policy, they consider various factors like the insurance policy premium, coverage of the policy by the hospitals, attractive promotion of the insurance company and agents, tax benefits, etc. The factors are deciding the success of the health insurance policy. The policy providers should consider the factors for attracting the policyholders. These factors are ranked by the policy holders according to their choice. The result is given in the following table

TABLE-2
FACTORS CONSIDERED BY THE POLICYHOLDERS

| Factors | 1 | 2 | 3 | 4 | 5 | 6 | Total Score | Mean | Rank |
|--|-----------------------|----|----|----|----|----|-------------|-------|------|
| | Number of respondents | | | | | | | | |
| Premium | 38 | 40 | 22 | 11 | 15 | 24 | 573 | 18.17 | I |
| Hospital and Disease coverage | 30 | 10 | 25 | 30 | 22 | 33 | 497 | 15.76 | V |
| Insurance agents and Insurance company | 12 | 35 | 18 | 25 | 30 | 30 | 517 | 16.49 | III |
| Tax benefits | 20 | 20 | 28 | 32 | 35 | 15 | 513 | 16.36 | IV |
| Coverage amount | 26 | 20 | 37 | 33 | 23 | 11 | 560 | 17.86 | II |

The above table reveals that the amount of premium of the health insurance policy is key factor to decide the policy. Most of the respondents are considered ranked the premium as prime factor (mean – 18.17). Amount covered by the policy is also considered by the most of the policyholders. As the respondents are poor aware of the hospitals covered by the policy and tax benefits, they are not considered these factors much.

VIII. CONCLUSION

The health insurance policy is essential for every person and it protects life from unforeseen of medical expenses. Even family members are also get benefited while taking family floater mediclaim policy. This paper found that the policyholders are well aware about the essential of health insurance. It is foreseen a good development in the coming days. It is also found that the premium and policy coverage are important factors for selecting a policy. It is believed that the finding could be useful to the insurance companies to make their strategy accordingly.

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