A study on customer perception towards health insurance in Ranny Thaluk

Anjali Jacob
St. Thomas College, Ranni, Kerala

ABSTRACT

A study on customer perception towards health insurance in Ranny Thaluk was aimed to access the awareness level and source of awareness about health insurance, to identify the factors influence customers in the selection of health insurance and selection of particular health insurance company, to find out the level of satisfaction of customers. 50 respondents have been selected following the convenient sampling method. Questionnaire was used as data collecting instrument. Data were analyzed using tabulation, percentage, ranking and Likert scale. Anova test was used for testing the hypothesis. Recommendations from the study were to make necessary arrangements for all hospitals to accept health insurance cards, all diseases should be cover under health insurance policies etc.

Keywords— Health Insurance, Customer Satisfaction, Health Insurance Policy

1. INTRODUCTION

For an individual, either at a personal level or the family front, of which he or she is a part, health is an extremely important subject, which needs to be given priority. The same concept can be extended to the level of the country, where the health of the citizens, comes at the core for its long-term sustainable development. It is rightly said 'Health is Wealth'. In short, life is unpredictable. We need to be prepared for such circumstances. Leading a happy life involves good planning and analysis for your personal health. Accidents do happen and you need to be prepared for such situations. In times of high health cost, you need to get covered for health risks. For the rich as well as poor, male as well as female and young as well as old, being diagnosed with an illness and having the need to be hospitalized can be a tough ordeal. Heart problems, diabetes, stroke, renal failure, cancer the list of lifestyle diseases just seem to get longer and more common these days. Thankfully there are more specialist hospitals and specialist doctors but all that comes at a cost

Now a day's health care expenditure is consistently increasing in this situation more money are required to paid hospital bill or expenses, most of the people use out of pocket for the health care expenses or in some cases also sell his or her personal assets. Low-income households are more vulnerable to risks and economic shocks. One way for the poor to protect their health is through insurance. By helping low-income households to manage their health risks, health-insurance can assist them to maintain a sense of financial confidence even in the phase of significant vulnerability. Insurance reduces a person's uncertainty concerning the time and amount of possible future expenses that may incur. There are various health insurance schemes such as social health insurance, private health insurance and so on. The basic principle is that people contribute a specified amount to an insurance fund which is used to finance health services. Health Insurance policies insure against several illnesses and guarantee to stay financially secure should ever require treatment. They safeguard the peace of mind, eliminate all worries about treatment expenses, and allow focusing energy on more important things, like getting better. Health is a major concern on everybody's mind these days. With skyrocketing medical expenses, the possibility of any illness leading to hospitalization or surgery is a constant source of anxiety unless the family has actively provided for funds to meet such an eventuality

In health insurance, there are pre-payments and pooling. So people pay a small amount when they are healthy. This contribution is shared by many people and is used to meet the health care cost of enrolled members when they need it. Health insurance operates in circumstances where people are risk-averse i.e. they prefer the certainty of insurance to the uncertainty of illness. They are then willing to pay a premium to cover the costs of a medical event. Health insurance is basically a tool to minimize uncertainty.

2. SIGNIFICANCE OF THE STUDY

We have heard of the saying "Health is Wealth". As per the latest National Sample Survey Office's Report (NSSO Report -574), Indians are visiting hospitals in higher numbers than at any time in the past – and visiting them more often. What's good for their health, though, isn't necessarily good for their wallets, with healthcare costs rising exponentially in the last decade.

Following are some of the findings from the NSSO Report:
- A decade ago, about 31 out of every 1000 Indians were hospitalized (excluding childbirth) every year; while presently the same is 44 out of 1000 Indians.

- Over the last decade, the average medical expenditure per hospitalization increased by about 168%.
- The rural population spent on an average Rs.14, 935/- per annum for a hospitalized treatment (excluding childbirth); while the urban population spent Rs.21, 726/- for the same. Rural households primarily depended on their 'household income/savings' (68%) and on 'borrowings' (25%); while urban household relied much more on their 'income/savings' (75%) than on 'borrowings' (only 18%), for financing expenditure on hospitalization.
- These findings call for a study on the awareness and preference of Health insurance among the general public as it seems that most of the population were not covered under any scheme of Health expenditure support.

3. STATEMENT OF THE PROBLEM
In health insurance, the role of public and private sector players are significant. The success of marketing mainly depends upon customer awareness, customer preference towards health insurance, the satisfaction of customers etc., however, these factors are often not critically examined and evaluated by the insurance companies. This study covers the areas of sources of customer awareness, factors affecting the selection of health insurance, particular health insurance company, and satisfaction level of customers.

4. SCOPE OF THE STUDY
The scope of the study is limited to the general public in ranny Taluk due to time and cost constraints. The study deals with qualitative data– views, opinions, and perceptions etc. of the people- which may vary from time to time. It analyses sources and level of awareness, factors affecting the selection of health insurance and particular company. It also studies the level of satisfaction of customers.

5. OBJECTIVES OF THE STUDY
- To assess the awareness level and source of awareness about health insurance.
- To identify the factors that influence customers in the selection of health insurance.
- To identify the factors that influence customers in the selection of a particular health insurance company.
- To find out the level of satisfaction of customers.

6. HYPOTHESIS OF THE STUDY
Ho: There is no significant difference between income and premium paid.
H1: There is a significant difference between income and premium paid.

7. RESEARCH METHODOLOGY
The present study is descriptive and analytical in nature. Both primary and secondary data have been collected for this study. The primary data have been collected by utilizing an interview schedule specially prepared for this purpose. The important source of secondary data are books, journals, websites etc. 50 customers have been selected following the convenient sampling method

8. LIMITATIONS OF THE STUDY
The present study has several limitations. First of all, it is based on sample hence all inherent limitation of sample study are involved in this study.The sample size is limited in number. Customers' expectations and taste can change as time passes by. Primary data were collected from families in Ranny Taluk. Hence the findings can't be generalized to People belonging to another area.

9. DATA ANALYSIS AND DISCUSSION

Table 1: Educational qualification

S. no	Particulars	No of Respondents	Percentage
1	UP to HSE	6	12
2	Graduate	23	46
3	Postgraduate	16	32
4	Others	5	10
Total		50	100

(Source: Primary Data)

Table 1 reveals that out of total 50 customers, 46 percent are graduate and is followed by postgraduates (32 per cent), further it is revealed that 12 percent of customers are up to HSE and rest with others.
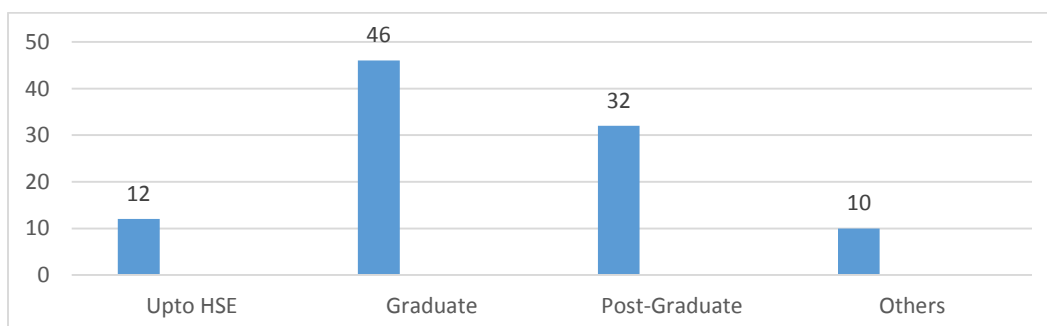

Fig. 1: Educational qualification

Table 2: Occupation of respondents

S. no	Particulars	No of Respondents	Percentage
1	Salaried	20	40
2	Professionals	9	18
3	Business	11	22
4	Others	10	20
Total		50	100

(Source: Primary Data)

Table 2 reveals that out of a total of 50 customers, 40 percent are salaried. The business constitute 20 percent of the total sample, followed by professionals (18%) and rest are others.
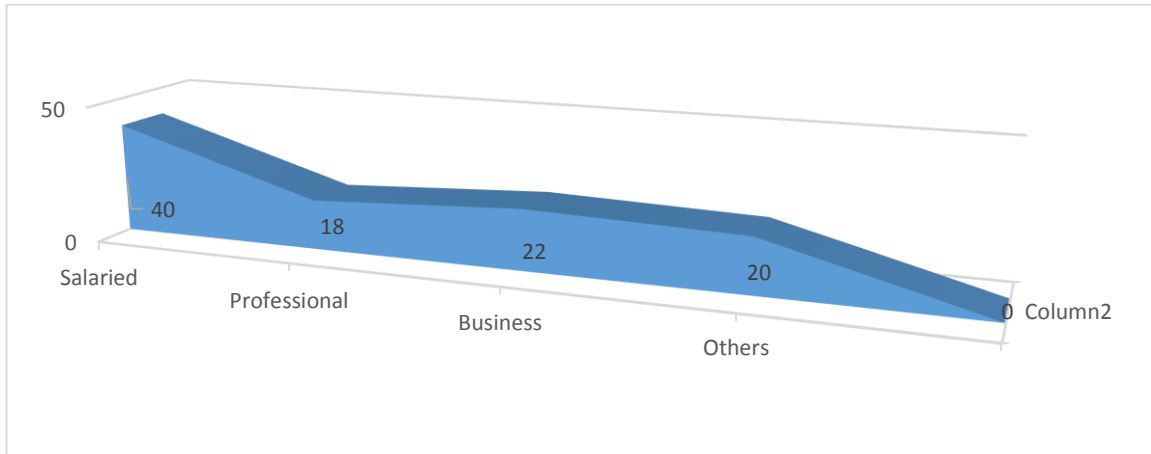

Fig. 2: Occupation of respondents

Table 3: Age of respondents

S. no	Particulars	No of Respondents	Percentage
1	Below 30	9	18
2	30-40	10	20
3	40-50	14	28
4	50-60	13	26
5	Above 60	4	8
Total		50	100

(Source: Primary Data)

Table 3 reveals that when entire sample is considered, a large number of respondents (28%) are having an age of 40-50 followed by age of 50-60 (26%). 20% have an age between 30 and 40, 18% have an age below 30. Only 8 % of respondents fall under above 60 categories.
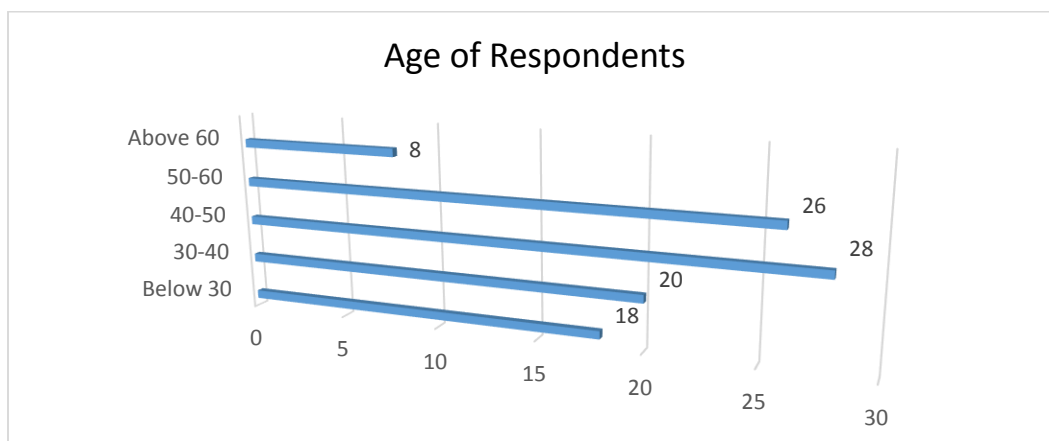
Fig. 3: Age of respondents

Table 4: Coverage of policy

S.no	Particulars	No of Respondents	Percentage
1	Family	30	60
2	Individual	20	40
Total		50	100

(Source: Primary Data)

Table 4 shows that majority of respondents (60 percent) have taken family policy and 40 percent have taken individual policy.
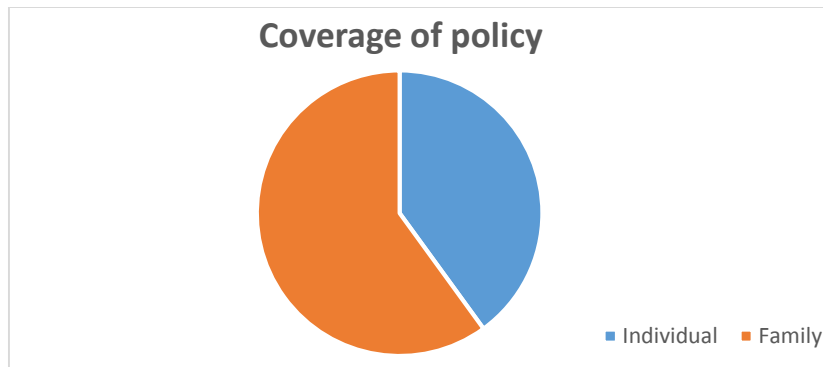
Fig. 4: Coverage of policy

Table 5: Amount of annual premium

S.no	Particulars	No of Respondents	Percentage
1	<5000	9	18
2	5000-10000	17	34
3	10000-20000	16	32
4	Above 20000	8	16
Total		50	100

(Source: Primary Data)

Table 5 shows that a large number of respondents (34%) are having a premium amount of 5000-10000 followed by the premium amount of 10000-20000(32%).18% of respondents are having a premium amount of less than 5000. Only 16 percent of respondents fall under above 20000 categories.
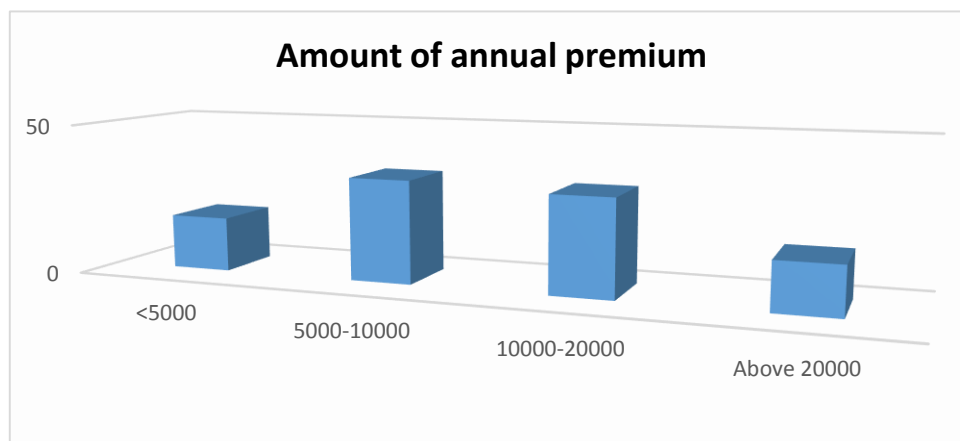

Fig. 5: Amount of annual premium

Table 6: Problems faced during claim settlement

S. no	Particulars	No of Respondents	Percentage
1	All the hospitals are not accepting the health card	22	44
2	Even though the hospitals accept the card, but failed to settle the bill during the hospitalization period.	17	34
3	Without any prior intimation, hospitals are eliminated from TPA list	4	8
4	New hospitals are adding to the list without any intimation to the client	7	14
Total		50	100

(Source: Primary Data)

Table 6 shows that significant problem faced by customers during claim settlement is that, all hospitals are not accepting health card followed by the problem of failed to settle bill during hospitalization period.14% of customers facing the problem of new hospitals are adding to list without intimation to the client. Only 8% of customers facing the problem of new hospitals are eliminated from the TPA list without prior intimation to the customers.

Table 7: Annual income of customers

S.no	Particulars	No of respondents	Percentage
1	Below 250000	22	44
2	250000- 500000	16	32
3	500000- 750000	10	20
4	Above 750000	1	2
Total		50	100

(Source: Primary Data)

Table 7 shows that out of a total number of respondents 44% are having an income of below 250000, followed by an income of 250000- 500000 categories (32%), 20% of respondents fall under 500000-750000. Only 2% of respondents fall under above 750000 categories.

Table 8: Reasons for taking health insurance

Factors	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
To cover risk	20	6	18	3	3
For better treatment	18	14	8	6	4
High cost of treatment	17	12	8	10	3
Plan family expenditure	7	3	10	15	15
Tax benefit	8	2	10	20	18

(Source: Primary Data)

Table 8 (a): Reasons for taking health insurance

Factors	Rank	1	2	3	4	5	CI	Rank
	Score	5	4	3	2	1		
To cover risk		100	24	54	6	3	187	1
For better treatment		90	56	24	12	1	183	2
High cost of treatment		85	48	24	20	3	180	3
Plan family expenditure		35	12	30	30	15	122	5
Tax benefit		40	8	30	40	18	136	4

The major factor considered by respondents before taking health insurance policy has been studied by arranging and ranking them on the basis of their importance. All the five options have been considered for analysis and composite index numbers have been calculated. It is seen from the table that most important factor that considered by the respondents before taking health insurance is to cover risk with 187 points. The respondents give second preference to better treatment while the high cost of treatment rank third. Respondents consider tax benefit as the fourth factor while plan family expenditure rank last position with 122 points.

Table 9: Sources of awareness

Factors	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Advertisement	12	7	12	11	8
Friends/Relatives/Colleagues	18	10	7	10	5
Insurance Agent	15	8	10	8	9
Internet	14	5	7	15	9
Others	9	5	10	12	14

(Source: Primary Data)

Table 9 (a): Sources of awareness

Sources	Rank	1	2	3	4	5	CI	Rank
	Score	5	4	3	2	1		
Advertisement		60	28	36	22	8	154	3
Friends/Relatives/Colleagues		90	40	21	20	5	176	1
Insurance Agents		75	32	30	16	9	162	2
Internet		70	20	21	30	9	150	4
Others		45	20	30	24	14	133	5

The major source of awareness is studied by arranging and ranking them. All the five options have been considered for analysis and composite index numbers have been calculated. It is seen from the table that the major source of awareness is Friends/ Relatives/Colleagues with 176 points. The second major source of awareness is insurance agents while advertisement rank third. The fourth rank is given to internet while other sources rank the last position with 133 points.
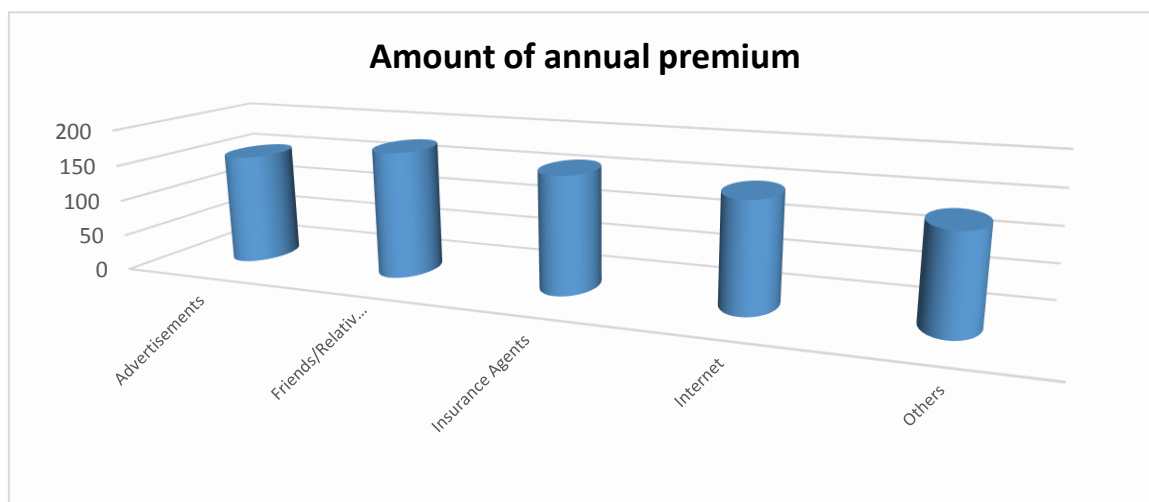

Fig. 6: Sources of awareness

Table 10: Reasons for choosing a particular company

S.no	Particulars	No of respondents	Percentage
1	Prompt claim processing with least formalities	11	22
2	Easy accessibility of Linked hospitals	12	24
3	Nominal premium charged	9	18
4	Name and reputation of the insurance company	11	22
5	Comprehensive coverage	7	14
Total		50	100

(Source: Primary Data)

Table 10 shows that major reason for choosing a particular health insurance company is easy accessibility of linked hospitals (24%), followed by prompt claim procedure with least formalities and name and reputation of the insurance company, only 14% respondents choose an insurance company because of comprehensive coverage provided by them.
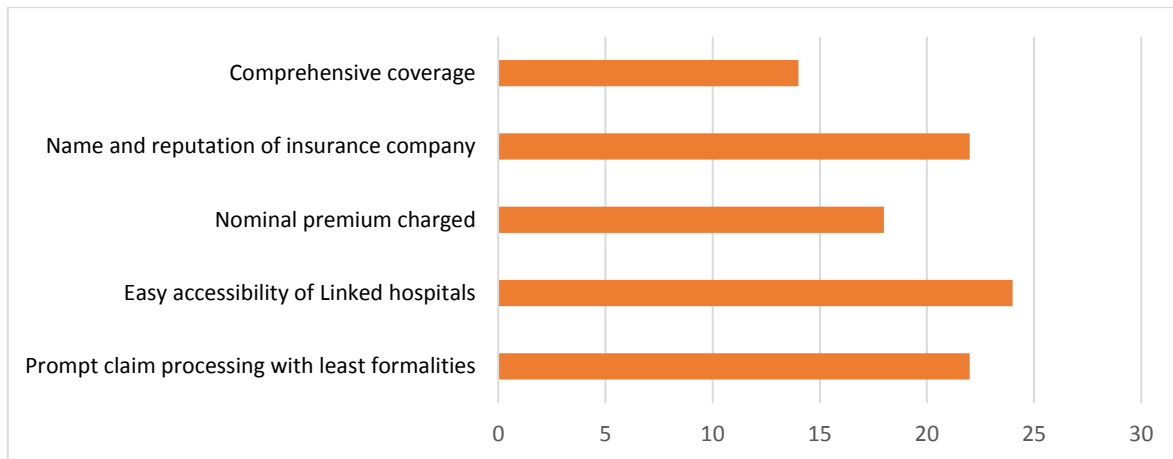

Fig. 7: Reasons for choosing a particular company

Table 11: Level of awareness

S.no	Particulars	Not at all Aware	Slightly Aware	Moderately Aware	Very Aware	Extremely Aware
1	Coverage	2	5	23	15	8
2	Claim procedure	3	10	12	15	10
3	Withdrawal procedure	4	12	7	22	5
4	Tax Benefit	8	17	17	5	3
5	Consequence of non- payment	3	8	20	18	1

Table 11 (a): Level of awareness

S.no	Weight / Particulars	5 Extremely Aware	4 Very Aware	3 Moderately Aware	2 Slightly Aware	1 Not at all aware	Total
1	Coverage	40	60	69	10	2	181
2	Claim Procedure	50	60	36	20	3	169
3	Withdrawal procedure	25	88	21	24	4	162
4	Tax benefit	15	10	51	34	8	118
5	Consequence of non- payment	5	72	60	16	3	156

1. **Coverage:** 8 out of 50 respondents are extremely aware of the coverage of the policy. The computed value as per Likert's scaling technique is 181 and score in the 5 point scale is 3.62. Hence we can conclude that most of the customers are aware of the coverage of the policy.
2. **Claim procedure:** 15 0ut of 50 customers are very aware of the claim procedure. The computed value as per Likert's scaling technique is 169 and score in the 5 point scale is 3.38. Hence we conclude that most of the customers are aware of claim procedure
3. **Withdrawal procedure:** 7 out of 50 customers are moderately aware to withdrawal procedure. The computed value as Likert's scaling technique is a 162and score in the 5 points Likert's scale 3.24 since the score is just above 3, it is clear that customers to some extent are aware of withdrawal procedure.
4. **Tax Benefit**: 17 out of 5o respondents are moderately aware of tax benefit, but only 8 of them are not at all aware about tax benefit. The quantified value as per Likert's scaling technique is 118 the score in the 5 point scale is 2.36.which is less than Hence it is very clear that customer's awareness about tax benefit is low.
5. **The consequence of non- payment:** 18 out of 50 respondents are very aware of the consequence of non-payment. 20 of them are moderately aware. The computed value as per Likert's scaling is 156 and score in the 5 points Likert's scaling technique is 3.12, since the score is just above 3, it is clear that customers are some extent to aware about the consequence of non - payment

Table 12: Level of satisfaction

S. no	Particulars	No of Respondents	Percentage
1	Highly satisfied	10	20
2	Satisfied	18	36
3	Neutral	15	30
4	Dissatisfied	5	10
5	Highly dissatisfied	2	4
Total		50	100

(Source: Primary Data)

Table 12 shows the satisfaction level of customers. 36% of respondents are satisfied. 30% of respondent are neutral. 20% of respondents are highly satisfied. 10% are dissatisfied and only 4% of customers are highly dissatisfied.
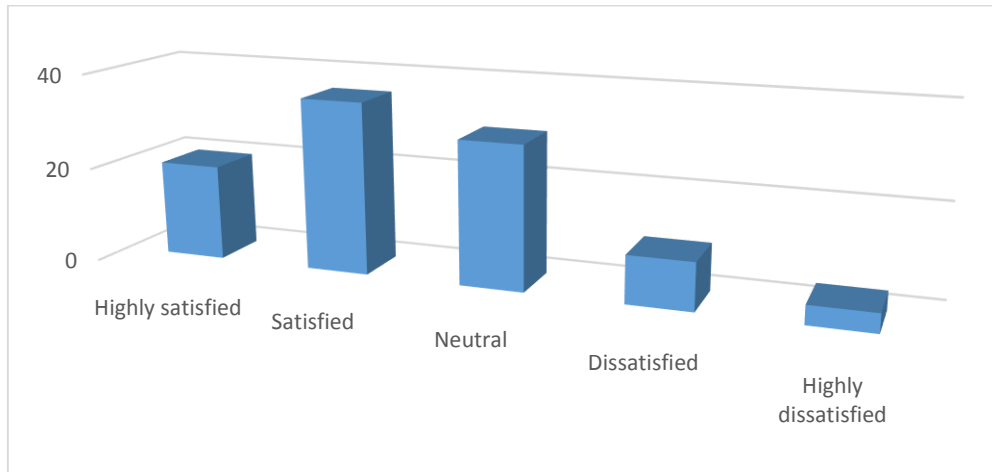

Fig. 8: Level of satisfaction

10. HYPOTHESIS TESTING
In order to know whether there is any difference between the income and premium paid, the ANOVA test is performed. For this following hypothesis is has been laying down and the result is presented

H0: There is no significant difference between income and premium paid.
H1: There is a significant difference between income and premium paid.

Table 13: Hypothesis testing

	Below 5000	5000-10000	10000-20000	Above 20000
Below 250000	6	11	6	1
250000-500000	1	3	6	2
500000-750000	1	2	3	2
Above 750000	1	1	1	3

T= 156.25
SST= 116.75
SSC= 16.25
SSE= SST-SSC=100.50
MSC= SSC/K-1 = 5.42
MSE= SSE/N-K =8.375

Table 14: ANOVA Table

Source of variation	Sum of square	Degree of freedom	Mean square
Between sample	SSC = 16.25	K-1= 3	MSC= 5.42
Within sample	SSE = 100.50	N-K= 12	MSE= 8.375
Total	SST=116.75	N-1=15	

F = 5.42/8.375=0.647
Degree of freedom = (k-1, N-k) = (3, 12)
Table value =3.49
Null hypothesis is accepted, there is no significant between income and premium paid.

11. RESEARCH FINDINGS
The research found that most of the questionnaire respondents are graduated. The major source of awareness is friends /relatives /colleagues with 176 points. All the respondents are aware of coverage, claim procedure, withdrawal procedure, and consequence

of non-payment but not about tax benefit. The major reason for choosing a particular health insurance company is the easy accessibility of linked hospitals. It is concluded from the study that most important factor that considered by the respondents before taking health insurance is to cover risk with 187 points.36% of respondents are satisfied. The annual income of the majority of respondents is below 250000. Majority of respondents' availed insurance on premium payable is between 5000 and10000. There is no significant difference between income and premium paid.

12. CONCLUSIONS AND RECOMMENDATION

The objective for which the present project work was taken up was to assess the awareness level and sources of awareness about health insurance, to identify factors that influence customers in the selection of health insurance and a particular health insurance company. And to find out the level of satisfaction of customers. As per our study main source of awareness about health insurance are friends/ relatives/ and colleagues, the main reason for choosing for choosing health insurance policy is to cover the risk of illness. The majority of respondents are satisfied with health insurance.

The suggestions from the study include all the diseases should be covered under health insurance policies, creating more awareness regarding health insurance and to increase the number of hospitals under coverage. Companies should provide an easy claim settlement system and low documentation

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