

# MEDICLAIM POLICYHOLDER'S AWARENESS AND SATISFACTION LEVEL OF SELECTED PRIVATE HEALTH INSURERS WITH SPECIAL REFERENCE TO COIMBATORE DISTRICT

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## **ABSTRACT**

*In India, health insurance is regarded as the most cost – effective route to tackle the health care expenses. The primary objective of health insurance is to provide protection against financial losses caused by unforeseen health problems and at the same time relieve anxiety and mental agony. The objectives of the study is to examine the level of awareness of mediclaim policyholders on mediclaim policies towards selected private sector health insurance companies and indentify the motives of availing mediclaim insurance policy by the policy holders. The statistical tools used such as (i) Frequency Percentage Analysis (ii) Analysis of Variance (ANOVA) (iii) Weighted Average Analysis (iv) Garrett Ranking (v) Chi-square Test. Majority of the undergraduate policyholders (69.3%) have higher average level of awareness on facilities offered by mediclaim policy. Chi-square depicts that there is no significant association between the policyholders' educational qualification and the awareness of facilities offered by mediclaim policy.*

*Keywords: Health Insurance, Health Insurance Policies, Awareness level, Motives of availing mediclaim policy, Satisfaction level.*

## **Introduction**

The development of human resource depends on health of the citizen. Good health, when protected, not only adds benefit to an individual but also aids the well-being of the family, the community, the society and the country as a whole. People prefer not only the basic amenities, but also social goals, education and health care. Today, expenditure on healthcare is highly increasing in price all around the world. Therefore, it is absolutely necessary to ensure that one should be adequately equipped to meet the medical expenses. From the past decade, there has been an increasing incidence of lifestyle diseases coupled with raising medical cost. Even though awareness on health issue is high, there is an evidence of inadequacy of saving for unforeseen medical emergencies. According to a survey conducted by the National Sample Survey Organization (NSSO), 40 percent of the people,

who are hospitalized, either borrow money or sell the assets to meet their medical expenses. Health insurance typically provides either direct payment or compensation for expenses associated with illness and injuries. The cost and range of defence provided by health insurance depends on the insurance provider and the policy purchased.

### **Statement of the Problem**

After the liberalization policy in 1991, private health insurance companies have entered in the insurance circle in India. There have been a mushrooming number of private sector health insurance companies both in the domestic front and foreign players which are offering a lot of policies with different nature and also trying to acquire confidence from the people. These many companies are competing with one another to secure highest market share. This in turn becomes a problem for the general public in choosing right type of policy. Generally, policyholders have the problems such as poor service, higher rates premium, narrow health coverage by the hospital, poor respondents from agents, and delay in claim settlement etc. Hence in this context, it is very essential to indentify the problems of policy holders towards private health insurance companies.

Against this backdrop, the following questions have been raised in the mind of the researcher.

- What is the level of awareness of policyholders on mediclaim policies and benefits?
- What are the motives of taking up the mediclaim policy?
- What are the sources from which the insured come to know about mediclaim policies?
- What is the level of policyholder's satisfaction towards health insurance products and health insurance providers?

### **Objectives of the Study**

- To examine the level of awareness of mediclaim policyholders on mediclaim policies towards selected private sector health insurance companies
- To indentify the motives of availing mediclaim insurance policy by the policy holders.
- To study the level of satisfaction of policyholders on mediclaim policy and on selected private health insurance providers.

### **Need for the Study**

Health insurance is one of the most essential types of insurance after life, which covers in terms of being an absolute necessity for everyone. It provides financial protection to meet health related contingencies. Health insurance is a kind of insurance which provides exposure for medical cost to the policy holder. Depending on the health insurance plan selected, the policy holder can cover for crucial illness expenses, surgical expenses, hospital expenses etc. Changing lifestyles have caused diseases with expensive and long-lasting treatments. Health Insurance helps to support the family finance from unforeseen large medical expenses. According to World Health Organization (WHO) statistics, 47 percent and

31 percent of hospital admissions in rural and urban India respectively, are financed by loan and sale of assets. WHO says, 3.2 percent Indians fall below the poverty line mainly because of high medical bills. About 70 percent of Indians spend their total income on healthcare and purchasing drugs. Such unexpected medical emergencies anxiety for instant cash flows and they negatively impact fiscal commitments towards regular savings.

### **Hypotheses**

- There is no significant association between income and awareness level of policyholders.
- There is no significant difference in the overall mean satisfaction score on mediclaim policies among gender groups of the respondents.
- There is no significant difference in the overall mean score among respondents based on the educational qualification of the respondents.

### **Scope of the Study**

Medical insurance plays a vital role in India among the people due to various biological reasons. From birth to death everyone needs insurance for their health and life. People may face any kind of expenditure in their old age. Thus health or medical insurance is important for human life.

### **Methodology used in the study**

Methodology used in the study points out the methods followed in order to realize the objectives of the study which includes research design, sampling design, sources of data, collection of data, processing of data, period of coverage and frame work of analysis.

### **Research Design**

The vast data have been collected from primary sources. Therefore to present, describe and interpret such mass data in the present research report, it is necessary to adapt the appropriate research design. The research design selected for the study is descriptive one. The primary objective of the study is to examine the service quality of private health insurance and the policyholder's satisfaction on the health insurance product.

### **Source of Data**

#### **Primary Data**

The study is mainly focused on primary data which were collected through well designed questionnaire to suit the objectives of this research. The first hand data have been collected from health insurance policyholders.

#### **Secondary Data**

The primary data have been supplemented by secondary sources. The necessary secondary data relating to the study have been gathered from the books, journals, websites, IRDA reports and IRDA journals, magazines, and newspapers.

**Area of the study**

The study has covered Coimbatore District.

**Sample Design**

Convenient sampling was adopted to select the sample respondents among the policyholders of the selected seven private health insurance companies.

**Frame work of Analysis**

For the purpose of analysis the statistical tools such as (i) Frequency Percentage Analysis (ii) Analysis of Variance (ANOVA) (iii) Weighted Average Analysis (iv) Garrett Ranking (v) Chi-square Test

**Review of Literature**

**Indhumathi et al. (2016)** in their study on, “Awareness of Health Insurance on Rural Population in India”, analysed the awareness of health insurance. Semi-structured questionnaire was used to collect the awareness about health insurance. Out of 399 samples selected 75.7 percent are aware about health insurance. Only 66.9 percent of them availed the health insurance policy. They found that the demographic variables and the level of awareness are significantly associated and these demographic variables are the determinants of awareness about health insurance.

**Shiva Ramakrishnan and Swaminathan (2015)** conducted a study on, “Awareness and Public Receptivity for Health Insurance Products a study with reference at Kanchipuram town, India”. The study was conducted to know the awareness level towards health insurance products. 100 samples were selected and statistical tool such as chi-square test was used to analyse the data. The result of this study indicates that all the respondents are aware of various health insurance products. The study also finds that there is a significant relationship between services provided by various insurance companies and various health insurance products.

**Thanawala (July 2015)** has notified that it is planning initiatives to rectify the near total lack of data and real time information are two critical areas of insurance and, in fact, in the Indian society. The plan is to pool data related to incidence of diseases geographically and in terms of socio-economic classes. Also required is a mapping of diagnostic, treatment and drug regimens and their availability and pricing across the country.

**Mahesh Bhatt et al. (2016)** in their paper on, “Health Insurance in India - Opportunities, Challenges and Concerns”, has studied the opportunities for health insurance companies in India. The study found that the increasing number of young working population, fastest economic growth and the entrance of private and foreign players are the opportunities in the insurance industry. Limited experience of health insurance is definitely the immediate challenge to be addressed by all the kinds of stakeholders. The study point out that if health insurance is left to the private players it will only cover those, which have extensive ability to disburse leaving out the poor and making them more susceptible.

**Nalini et al. (2018)** examined the operational policy, practices and associated problem in insurance business. They were able to find that the companies have to cope up with fast changing market trend and competition. For this purpose the health care providers should assess the service quality and customers perception in order to meet their expectation.

**Education Qualification and Awareness Level of Medclaim Policies**

| Education Qualification | Respondent |              | Awareness Score on Medclaim Policies |             |             |             |
|-------------------------|------------|--------------|--------------------------------------|-------------|-------------|-------------|
|                         |            |              | Mean                                 | Range       |             | SD          |
|                         | No         | %            |                                      | Min         | Max         |             |
| Up to HSC               | 105        | 12.5         | 3.67                                 | 2.75        | 4.63        | 0.38        |
| Diploma                 | 147        | 17.5         | 3.71                                 | 3.13        | 4.38        | 0.29        |
| Under-Graduate          | 371        | 44.2         | 3.69                                 | 2.75        | 4.63        | 0.35        |
| Post-Graduate           | 177        | 21.1         | 3.66                                 | 2.75        | 4.38        | 0.33        |
| Professionals           | 40         | 4.8          | 3.76                                 | 3.00        | 4.38        | 0.37        |
| <b>Total</b>            | <b>840</b> | <b>100.0</b> | <b>3.69</b>                          | <b>2.75</b> | <b>4.63</b> | <b>0.34</b> |

The overall mean awareness score on medclaim policies ranged from 3.66 to 3.76 and it is higher in professional group of respondents. Hence it is said that awareness is found high among this group. As the calculated F value is less than the table value at five percent level, the analysis of variance showed that there is no significant difference found in the overall mean score based on the educational qualification of the respondents. Hence, the null hypothesis is accepted.

**Educational Qualification and Aware of Facilities Offered by Medclaim Policy**

| Education Qualification | Facilities Offered by Medclaim Policy |                |               | Total           |
|-------------------------|---------------------------------------|----------------|---------------|-----------------|
|                         | Low                                   | Average        | High          |                 |
| Upto HSC                | 12<br>(11.4%)                         | 80<br>(76.2%)  | 13<br>(12.4%) | 105<br>(100.0%) |
| Diploma                 | 19<br>(12.9%)                         | 110<br>(74.9%) | 18<br>(12.2%) | 147<br>(100.0%) |
| Under Graduate          | 68<br>(18.3%)                         | 257<br>(69.3%) | 46<br>(12.4%) | 371<br>(100.0%) |
| Post Graduate           | 30<br>(16.9%)                         | 113<br>(63.9%) | 34<br>(19.2%) | 177<br>(100.0%) |
| Professional            | 6<br>(15.0%)                          | 28<br>(70.0%)  | 6<br>(15.0%)  | 40<br>(100.0%)  |
| <b>Total</b>            | <b>135</b>                            | <b>588</b>     | <b>117</b>    | <b>840</b>      |

It is observed from the table that the calculated value of chi-square is less than the critical value at 5 % level. Hence the null hypothesis is accepted and it is concluded that there is no significant association between education and facilities offered by mediclaim policy.

**Educational Qualification and Level of Satisfaction on Mediclaim Policies**

| Education Qualification | Respondent    |              | Satisfaction score on Mediclaim Policies |             |             |             |
|-------------------------|---------------|--------------|--|-------------|-------------|-------------|
|                         |               |              | Mean                                     | Range       |             | SD          |
|                         | Policyholders | Percentage   |  | Min.        | Max.        |             |
| Up to HSC               | 105           | 12.5         | 3.64                                     | 2.85        | 4.08        | 0.31        |
| Diploma                 | 147           | 17.5         | 3.64                                     | 2.77        | 4.15        | 0.28        |
| Under-graduate          | 371           | 44.2         | 3.63                                     | 2.54        | 4.23        | 0.33        |
| Post-graduate           | 177           | 21.1         | 3.62                                     | 2.54        | 4.08        | 0.31        |
| Professionals           | 40            | 4.8          | 3.50                                     | 2.62        | 4.00        | 0.41        |
| <b>Total</b>            | <b>840</b>    | <b>100.0</b> | <b>3.63</b>                              | <b>2.54</b> | <b>4.23</b> | <b>0.32</b> |

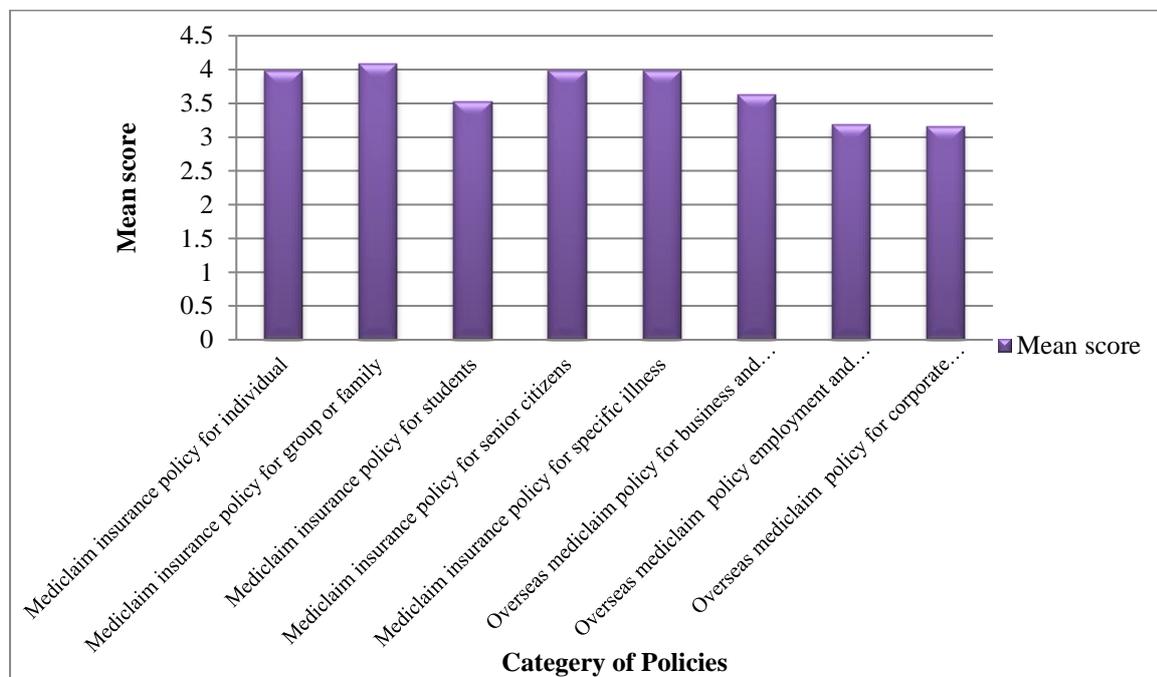
**Aware of Mediclaim Policies Offered by Private Insurers**

| S.No | Category of Policy                              | Mean score  | Rank     |
|------|---|-------------|----------|
| 1    | Mediclaim insurance policy for individual       | 3.98        | 4        |
| 2    | Mediclaim insurance policy for group or family  | <b>4.08</b> | <b>1</b> |
| 3    | Mediclaim insurance policy for students         | 3.53        | 6        |
| 4    | Mediclaim insurance policy for senior citizens  | 3.99        | 2        |
| 5    | Mediclaim insurance policy for specific illness | 3.99        | 3        |

|   |  |             |          |
|---|--|-------------|----------|
| 6 | Overseas mediclaim policy for business and holiday         | 3.63        | 5        |
| 7 | Overseas mediclaim policy employment and studies           | 3.19        | 7        |
| 8 | Overseas mediclaim policy for corporate frequent traveller | <b>3.16</b> | <b>8</b> |

It is concluded that highest awareness is given for mediclaim policy in respect of group or family as well as mediclaim policy taken for senior citizens. There is least level of awareness in respect of overseas mediclaim policy employment and studies as well as overseas mediclaim policy for corporate frequent traveller.

**Aware of Mediclaim Policies Offered by Private Insurers**



**Factors Motivating to take Mediclaim Insurance Policy**

| S. No | Reasons                              | Total score | Mean score   | Rank     |
|-------|--------------------------------------|-------------|--------------|----------|
| 1     | To meet increased cost of Healthcare | 61000.00    | <b>72.62</b> | <b>1</b> |
| 2     | To face unexpected medical expenses  | 54311.11    | 64.66        | 3        |

|   |   |          |              |          |
|---|---|----------|--------------|----------|
| 3 | To Avail of Good Health care Facility       | 54766.67 | 65.20        | 2        |
| 4 | To Get Relived from Anxiety and Tension     | 37444.44 | 44.58        | 5        |
| 5 | To protect Family Members                   | 41411.11 | 49.30        | 4        |
| 6 | To utilize cashless Hospitalization Benefit | 35955.56 | 42.80        | 6        |
| 7 | To Avail of Domiciliary                     | 31033.33 | 36.94        | 8        |
| 8 | To Take Treatment Outside city              | 31744.44 | 37.79        | 7        |
| 9 | To Enjoy Tax Exemption                      | 30333.33 | <b>36.11</b> | <b>9</b> |

It is concluded that among the various motivating factors to take up mediclaim insurance policy, majority of policyholders have availed the policy to meet increased cost of health care and to avail of good health care facility. Only least percentage of policyholders has chosen the policy to take treatment outside city and to enjoy tax exemption.

#### Level of Satisfaction on different Aspects of Mediclaim policies

| S. No | Aspects  | Weighted Average score | Rank      |
|-------|--|------------------------|-----------|
| 1     | <b>Choice of policies</b>                      | <b>3.99</b>            | <b>1</b>  |
| 2     | Issue of Error Free policy document            | 3.92                   | 3         |
| 3     | <b>Expenses covered under the policy</b>       | 3.99                   | 2         |
| 4     | Exclusions under the policy                    | <b>3.04</b>            | <b>13</b> |
| 5     | Treatment Outside city Permissible             | 3.32                   | 12        |
| 6     | Domiciliary Hospitalization Benefit            | 3.79                   | 5         |
| 7     | Reimbursement of pre-Hospitalization Expenses  | 3.44                   | 11        |
| 8     | Reimbursement of post-Hospitalization Expenses | 3.51                   | 9         |
| 9     | Family discount on premium                     | 3.61                   | 7         |
| 10    | Special discount on premium                    | 3.63                   | 6         |
| 11    | No claim Discount                              | 3.59                   | 8         |
| 12    | Cost of Medical check up                       | 3.81                   | 4         |
| 13    | Grace period Allowed for Renewal               | 3.47                   | 10        |

It is concluded that choice of policies provided by insurer and expenses covered under the policy happens to be the main criteria for satisfying the policy holder's requirement. Treatments outside city permissible and exclusions under the policy have been the least criterion in satisfying the policyholders.

### Findings

- Majority of policyholders have taken the health insurance policy since 3 years to 4 years.
- Most of the policyholders have taken the health insurance policy covering risk up to the value Rs. 2,50,001 to Rs. 5,00,000.
- Majority of the policyholders are paying the premium amount between Rs.5,001 to Rs.10, 000.
- The mode of premium payment selected by majority of the policyholders is by cheque method and least number of people prefers cash payment method.
- Most of the policyholders (61.4 percent) are motivated by agents and followed by advertisement to take up the policy.

### Suggestions

- The study suggests that IRDA through an action committee should take measures to conduct awareness programme on health insurance, among semi-rural population.
- Reaching new heights in the health insurance sector in the future, easy access to health care facility and cost control measures are very essential.
- In order to widen the existing market the rate of premium in health insurance should be reduced to suit the different strata of entire population.
- Renewal of policy by the policyholders should be promoted.
- Renewal intimations should be sent well in advance and in regular manner
- Procedures may be minimized at the time of claim settlement.

### Conclusion

It is estimated that health care industry will grow at \$ 280 billion by 2020. Above 70 percent of 'out- of- pocket' expense burdens the policyholders. Hence, the health insurance entity in the private sector has a stronger opportunity to correct the market. On the Government side this industry has to undergo major reforms. The health insurance market should focus on three aspects such as access, cost and quality. The health care players in the private sector will encounter multiple challenges in catering the needs of the mass population, stratified on the basis of culture, economy and the means. Proximity to the consumer through untapped rural market, targeted product development for semi-urban area and campaigning efficiency to overall market shall be the decisive success factors.

To conclude, India is a nation with huge population and a large portion of this population is living below poverty line. Hence these entities will encounter multiple challenges in catering to the needs of the 1.3 billion population. The health insurance sector in Coimbatore is gaining energy. People are waiting for plans that would suit to their exact needs. The study reveals that future will be of technology driven and people are waiting for unique policies and plans.

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