



Customer's Perception Towards Health Insurance: An Empirical Study in Bardoli & Mandvi Region

KEYWORDS

Customers, Awareness, Health Insurance, Premium.

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ABSTRACT *As human beings, we are at, all times prone to falling sick or getting a disease. Sometimes even a change in the weather causes sickness. Health care is very expensive nowadays. More than the disease itself, it is often the cost of treatment that takes its toll. Health insurance policy covers medical expenses incurred during pre and post hospitalization stages. Health Insurance is an emerging social security instrument for the rural poor, for whom, chronic health problems, arising due to prevalence of diseases and inaccessibility to an affordable health care system is a major threat to their income earning capacity.*

In present study, it was found that because of low awareness people are not have health policy and some time because of lack of financial tools people not purchase health insurance or they are not afforded HI because of high premium by the view point of them.

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 the preamble to the constitution of the World Health Organization (WHO) health is described as "a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity." Life is full of uncertainties. Risk lurks in every nook and corner of human life. 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. The super rich can afford such costs, but what about an average middle class person? For an illness that requires hospitalization/ surgery, costs can easily run into five digit bills.

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 reduce 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 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 sky rocketing 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 the uncertainty:

- The uncertainty of illness
- The uncertainty of cost of treatment

It is true that, availability of improved health services to the poor is one of the important priorities before the Government. Since government means are limited, private sector involvement in providing health services to rural areas is necessary. However, private health care is costly and in majority of the cases it is beyond the means of the average rural household. Under such circumstances, health insurance coverage of rural people can be a viable and vital means for getting health care services. In order to implement successfully health insurance coverage to the rural household, it is necessary to understand basic dynamics of consumer preferences, acceptability and pricing of health insurance products. Research and developments in insurance have been steadily carried out in order to understand the needs of customers.

OBJECTIVES OF THE STUDY

The overall objective of the study is to know the perception of Health Insurance among the customers. To attain this overall objective, the study aims at the following specific objectives:

1. To find out customers purpose for purchasing Health Insurance.
2. To find out that importance of health insurance in people.
3. To know whether income standard affects the purchase of insurance plan.

RESEARCH METHODOLOGY

The nature of the study is descriptive research. The study is mainly based on primary data. Primary data has been collected by in-terracing with various people, getting the questionnaires filled by them. The data was collected by means of questionnaire and was classified and analyzed carefully. Questionnaire is constructed so that the objectives are clear to the respondents. In this research, the questionnaire was formed as a direct and structured one. The questions were mostly close-ended questions. Open-ended question has been used only for deriving suggestions from the respondents.

The method used for collecting requisite data is 'Convenience Sampling', which is a type of non-probability sampling technique.

Research Design

Table: 1 Research Design to Meet to Objective

| | |
|----------------------------------|-------------------------------|
| Location: | Bardoli and Mandvi |
| Sampling Units: | Policy and Non- Policy Holder |
| Sampling Method: | Convincing sampling |
| Sample size: | 200 respondents |
| Instrument for Data Collection : | Structured Questionnaire |

RESEARCH PROBLEM

Health expenditure is increasing day by day which most people pay out their pockets. In the current scenario of consistently increase medical expenses, some people also sell their personal assets. Varied factors are responsible behind having their no insurance. Most people spend more money behind medical expenses in comparison to health insurance amount. In case of having a health insurance, paying out of pocket or borrowing money can be avoided. I would like to know that which factors affect the health insurance my aim is to find out the factors affecting health insurance and the reasons behind not having one in rural areas. For the successfully implementation of health insurance coverage, it is necessary to understand basic dynamics of consumer preferences, acceptability and pricing of health insurance products.

TOOLS AND TECHNIQUES OF DATA ANALYSIS

The Statistical Analysis carried out in the study is being done using MS-Excel and SPSS (Statistical Package for Social Science) Software. The Statistical techniques like: Chi-square test. Analysed & interpreted data have been presented in the form of tables, charts and figures.

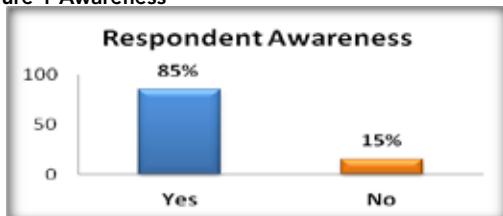
DATA ANALYSIS AND INTERPRETATION

Table: 2 Awareness of Health Insurance

| Awareness | N.O.R | Percentage |
|-----------|-------|------------|
| Yes | 170 | 84.5 |
| No | 30 | 15.5 |
| Total | 200 | 100 |

Sources: Primary Data

Figure 1 Awareness



A study suggests that out of 200 respondents 85% are aware about health insurance, while 15% are not.

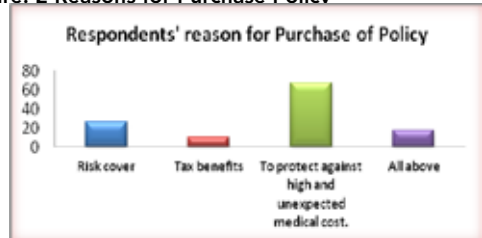
The above analysis shows that health insurance awareness is high proves beneficial to given with it being an insurance providers necessity today.

Table: 3 Reasons for Purchase Policy

| Reason | N.O.R | % |
|------------------------------------------------------|-------|------|
| Risk cover | 26 | 21.5 |
| Tax benefits | 10 | 8.3 |
| To protect against high and unexpected medical cost. | 67 | 55.4 |
| All above | 18 | 14.9 |
| Total | 121 | 100 |

Sources: Primary Data

Figure: 2 Reasons for Purchase Policy



Out of 121 policy holder, 21.5% purchase for risk cover, 8.3% for tax benefits while most purchase it to protect against high and unexpected medical cost and 14.9% purchase to all above reasons.

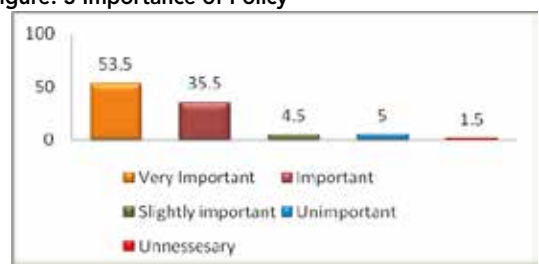
The above study shows that the basic purpose of most in purchasing health insurance is to be protected against high and unexpected medical cost.

Table: 4 Importance of Policy

| Importance | N.O.R | Percentage |
|--------------------|-------|------------|
| Very Important | 107 | 53.5 |
| Important | 71 | 35.5 |
| Slightly important | 9 | 4.5 |
| Unimportant | 10 | 5 |
| Unnecessary | 3 | 1.5 |
| Total | 200 | 100 |

Sources: Primary Data

Figure: 3 Importance of Policy



It can be seen that 53.5% respondents believe health insurance is very important, 35.5 % believe it is important, 4.5 % that it is slightly important, 5% that it is unimportant while for 1.5% it is unnecessary.

From the above survey it can be said that customers assign lots of importance to health insurance, but all don't have policy or don't like to purchase like it.

Chi-square Test

Income and Interest:

H₀: Level of income is independent in purchase of health insurance.

H₁: Level of income is dependent in purchase of health insurance.

Table: 5 Result of Chi-square test

| Calculate value | Table value | Degree of freedom | Level of significance |
|-----------------|-------------|-------------------|-----------------------|
| 20.305 | 9.448 | 4 | 5% |

Calculated value of chi-square is 8.133 greater than critical value 9.488 at 4 degree of freedom and 95% level of confidence. The calculated value is greater than the critical value, therefore the null hypothesis is rejected and alternative hypothesis is accepted.

Since the null hypothesis is rejected, it can be concluded that there is a significant association between income and interest for health insurance.

From the above analysis, it can be said that Level of Income of respondents play a vital role for purchasing health insurance.

CONCLUSION

1. Respondents' knowledge and confidence about health insurance is good. Further research indicates that awareness about the existence of health insurance is fine but preference is average.

2. Most respondents' know about health insurance but some of them don't have any policy because of low awareness or lack of information regarding health insurance.
3. Research indicates that there are clear possibilities for health insurance market in India; there are also possibilities for the public and private health insurance companies.
4. It can be said that income of respondents plays a vital role for purchasing health insurance.

SUGGESTIONS

Here some are useful suggestion for health insurance provider which help them to running health business.

1. Health Insurance companies should apply new marketing strategies for their products.
2. It should offer higher insurance amount of health Insurance at lower premium for middle class and lower middle class of society.
3. It should increase the number of hospitals under coverage.
4. It should provide an easy claim statement system and low documentation.
5. Companies should also focus on the customers of rural area.
6. Make easy and transparent claim settlement procedure.

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