



## HEALTH INSURANCE CONTRACTS FROM THE LENS OF THE AGENTS

Parimala Veluvali

Assistant Professor, Symbiosis Centre for Management Studies, Pune, Symbiosis International (Deemed University)

**ABSTRACT**

Across the Insurance sector, health insurance takes the center stage as an alternative funding mechanism to keep up with the escalating costs of health care to the large pool of needy population in India. In the ecosystem of health insurance, insurance agents are the primary connect between the insured and the company. Their multifarious role entails them to offer sound advice and continuous support to the client while soliciting business for the insurance company. As an important intermediary in the health insurance sector, insurance agents are also an important channel for increasing market penetration. Hence they are better placed to understand the concerns, perceptions and expectations of the clients. The present study provides an assessment of consumer's attitudes towards Health Insurance contracts as perceived by health Insurance agents.

**KEYWORDS :** Health Insurance, Agents perceptions**Background:**

Across the Insurance sector in India, health insurance takes the center stage as an alternative funding mechanism to keep up with the escalating costs of health care to the large pool of needy population in India. The emphasis on health care and the various defensive mechanisms devised to tackle medical emergencies have become important in the present times. This is in view of the fact that health care is progressively becoming more expensive taking it beyond the reach of the common man. While advancements in medical technology has found a remedy for many critical illnesses, technological advancements in medical treatment along with rising inflation in general have driven up the costs of the healthcare to unsurmountable limits. In this context, health insurance provides the much needed protection and saves the insured individuals from financial burden. Legally speaking, health Insurance policy is a contract of indemnity between an Insurer and an Insured through which the former agrees to provide a specified insurance cover at a particular premium based on certain terms, conditions and exclusion clauses as outlined in the policy document. Protection to the insured is provided in terms of coverage of hospitalization expenses, cost of the treatment and other expenses incidental to treatment through either a cashless facility or reimbursement of expenses.

**Review of Literature:**

Extant literature points out to the unique requirements of the health Insurance sector in India as compared to other sectors. Owing to complexities in the nature of informational asymmetries, inadequate understanding of the concept of health insurance and the resultant adverse selection of health insurance products, the regulation of the sector keeping it in line with the social realities and national objectives is well accepted (J Anita, 2008). Certain empirical studies highlight the need for health care financing in view of the increasing elderly population in India (Bhat Sneha, 2015). Studies also point out to the low level of penetration of the health insurance sector (Bharatwal Sunita and Sharma S.K. 2013).

In the ecosystem of health insurance, insurance agents are the primary connect between the insured and the company. Their multifarious role entails them to offer sound advice and continuous support to the client while soliciting business for the insurance company. As an important intermediary in the health insurance sector, insurance agents are also an important tool for increasing market penetration. Studies have also outlined the role of an agent as a friend, philosopher and guide to the customer and a social entrepreneur (Das, 2004)

**Methodology:**

Agents are an important intermediary between the Insurance Company and the Insured. Owing to their direct connect with the Insurer, they study the insurer's profile, their unique requirements and act not merely as sales persons but advocates for their clients. Their relationship extends beyond procuring the policy to servicing their clients till the claims are settled. In that sense they serve as a key tool in increasing the market penetration of the health insurance sector. For the purpose of the study, 25 such standalone health Insurance agents who have had an experience of more than 10 years from the five main standalone private

sector Insurance companies mentioned below have been purposively selected:

1. Star Health and Allied Insurance Company Ltd.
2. Apollo Munich Health Insurance Company Ltd
3. Max Bupa Health Insurance Ltd
4. Religare Health Insurance Company Ltd
5. Cigna TTK Health Insurance Company Ltd.

Interviews were conducted and the findings have been summarized below. Owing to the small size of the agents interviewed, the findings cannot be generalized across the population of consumers. However the responses of the insurance agents has stemmed from the rich experience of dealing with considerable number of clients across 10 years making the responses worthwhile.

Summary of Findings: The responses received in the course of the interview of the agents have been summarized under different themes.

1. The agents interviewed agree that there is a general reluctance among the people to take up an insurance policy. 90% of the agents interviewed consent to the fact that in their experience majority of individuals think of taking a health insurance policy only when they witness a personal tragedy of hospitalization or severe illness exposing them to the perils. Agents further were of the view that while the going is good, people may not pay heed to the agent's advice for taking a policy. However an exposure to health related risks and the resultant financial burden triggers the urgent need in them to go for an insurance policy. Across the agents interviewed this appears to be the significant reason for taking up health Insurance. The reluctance to take up an insurance policy is also attributed to the misconception that a health insurance policy is akin to any investment scheme where returns are expected.
2. A history of hospitalization in the family and threat of incurring a further financial burden also induces individuals to opt for health insurance. This has been quoted as a second significant reason for taking health Insurance by majority (58%) of the agents .
3. Majority of the agents interviewed (72%) also agree that health Insurance is also sought for the purpose of tax planning. It is usually opted when the individual has exhausted the investment limit under 80C and takes an insurance policy under 80 D category of the Income tax Act thereby claiming deduction based on the amount of health insurance premium paid. Hence tax benefit appears to a driver for taking health insurance. This according to experts in not a wise approach as the choice of health insurance plan must be taken in tandem with the distinct requirements of the consumers.
4. The reason of reluctance to take a health insurance policy has been attributed to factors such as lack of finances, lack of awareness on the portability of health insurance, lack of coverage in respect of certain diseases have been cited as the predominant reasons. Hence we can infer that there appears to be a lack of holistic understanding of the concept of health insurance.
5. While disclosures are the central to the contract of insurance.

Some of the policy holders conceal a pre-existing health condition in the proposal form. This is mainly done to avoid paying high premiums. While this was not a major problem encountered with all the clients, yet a significant number of agents were of the opinion such aberrations did impact the business of the agents.

6. Majority of the agents agree that 95% to 98% of the policy holders do not read the policy documents containing vital information on the coverage and the exclusion clauses.
7. Majority of the agents are of the opinion that clients also miss out on renewals resulting in the lapse of the policy.

#### **Conclusion:**

There seems to be a gap in the understanding of health Insurance and its benefits among people as perceived by the agents. The decision to take up a health insurance policy appears to be skewed. Awareness programmes on the scientific selection of health insurance policy is much required.

#### **References:**

1. Bharatwal Sunita and Sharma S.K. (2013), Healthcare Services In India: A Journey Of Life Line To Medical Market' Gurukul Business Review (GBR) Vol. 9 (Spring 2013), pp. 85-90 Available at <http://gkv.ac.in/fwd/GBR09.pdf#page=87> last accessed on 20.03.2017
2. Bhat Sneha (2015) 'INDIA IS AGEING: ARE WE PREPARED?' International Journal Of Research In Commerce & Management Available at <https://eds.b.ebscohost.com/eds/pdfviewer/pdfviewer?sid=5d5f8d34-4553-4d26-870b-f2e23dcc868e%40sessionmgr104&vid=1&hid=121> last accessed on 21.03.2017
3. Das (2004), 'Role of Agents in Competitive regime' available at <https://www.insuranceinstituteofindia.com/downloads/Forms/III/Journal-2004-05-06/Chapter12.pdf>
4. J Anita(2008) 'Emerging Health Insurance in India – An overview' at the 10th Global Conference of Actuaries' Available at [https://www.actuariesindia.org/downloads/gcadata/10thGCA/Emerging%20Health%20Insurance%20in%20India-An%20overview\\_J%20Anitha.pdf](https://www.actuariesindia.org/downloads/gcadata/10thGCA/Emerging%20Health%20Insurance%20in%20India-An%20overview_J%20Anitha.pdf) last accessed on 21.03.2017