



## To Measure the Health Insurance Companies Service & Purchase Habits (Special Reference to Star Health Insurance Company Ltd., in Madurai City)

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### ABSTRACT

The Service Quality Research in the areas of Life and Non-Life insurance has been conducted by various researchers but in the case of Medical Insurance it is yet to gain momentum. This paper takes one standalone private medical insurance company and analyses its customer perception towards the service rendered and purchase habits of customers. This would enable the company to identify its weaker areas of its services and improve it. This would increase the customer satisfaction and improve its business. Further this would increase the competitive advantage over its competitors. The findings of this study would enable the customers to voice their needs and they would play a greater role in service design and evaluation of medical insurance services and implement service improvement programmes.

### KEYWORDS

Service Quality, Medical Insurance, Customer Satisfaction, Purchase habits.

### INTRODUCTION

Insurance takes care of risks both in Life and Non-Life Insurance. In Health Insurance it is still more risky since it deals with life and death of a person. It is our responsibility to bring down the risk to the minimum (Festus, 2011)<sup>1</sup>. Festus says it has been agreed by large number of people to share the risk among themselves in future. The Life Insurance sector is very small in many developing countries(Babbel and Eisaku O, 1989)<sup>2</sup>. According to Oliver (1981)<sup>3</sup>, consumer behavior (p. 33) defines the expectations based on the positive, negative occurrence. It is understood from many service quality literature review that customer expectations are their desires what an service provider should provide rather than what they offer actually. The Customer's Expectations are very much influenced by the customers communication through word of mouth, personal needs and the service providers price and customers past experiences (Zeithaml et al., 1990)<sup>4</sup>.

It is understood that the purchase behavior of customers is always very complex and influenced by multiple factors. Hence it is very much important to analyze the purchase behavior of insurance (Y Qin, 2012)<sup>5</sup>. A customer purchase intentions may be defined as the action to buy a product. The Purchase Intention of the customer may be positive or negative.(Zeithaml et al., 1996)<sup>6</sup>. Usually many instances shows that purchase intentions may not be leading to the purchase behaviours (Chandon et al, 2005)<sup>7</sup>. Service quality has direct connection with the purchase intentions. Service Quality and Purchase Intentions are directly proportional to each other.

### Objectives Of the Study

1. To measure the Service Quality of Star Health Insurance Company, Madurai.
2. To measure the Health Insurance Purchase Habit of the Consumer.
3. To measure the Health Insurance Purchase Habits of Consumers across Insurance Variables.

### Research Methodology

The Researcher carried out the study on literature survey and through primary data collection. For the year 2013-14 the total individual retail claims made was 207 by Star Health Insurance Company Ltd., in Madurai. The below formula has been used to determine the sample size since the population size is known.

$$n = \frac{N}{Ne^2 + 1}$$

Where,

N = Total Population (Number of retail claims for the year)

e = error of acceptance 5% (0.05)

n = sample size to be determined

By using the above formula the sample size is determined as 136.

136 was taken as sample size and questionnaire was distributed to the concerned customers. During the process of collecting the filled in questionnaires it was found that only 102 was usable for the analysis(out of 34, 12 did not want to participate in the study, 14 questionnaire did not come back from the customers and 8 questionnaire was not usable). Finally 102 questionnaire was used as the sample size for the study. The Statistical package SPSS 16 was used to carry out the analysis. The questionnaire are closed ended and consists of seven point Likert scale ranging from 1-Strongly Dis-agree to 7-Strongly Agree.

### Results and Discussion

A well-structured questionnaire based on previous literature and research work was developed to collect data pertaining to the respondent's demographic profile and insurance purchase habits. Also, an item was used to measure the respondent's perception of the service rendered by the insurance company on a seven-point Likert scale ranging from extremely agrees to extremely disagree.

### Summary statistics of respondents' Demographic Characteristics

The analysis shows that out of 102 respondents 91(89.2%) were male and 11(10.8%) were female. Age group wise analysis indicated that, 31(30.4%) respondents are in the age group of 41-50 followed by 28(27.5%) in the age group of 31-40 years. Educational category wise comparison of the respondents revealed that 47 (47.1%) respondents are graduates, 19(18.6%) are educated up to hsc. Occupational status wise analysis of the respondent's revealed that 49(48.0%) of the respondent's are salaried. Of the total 102 respondents 84.3% of the respondents are married. With regard to income, 36.3% of the respondents are in the income range of Rs. 50001 – 75000.

### Summary statistics of respondents' Insurance Purchase habits of the respondents

The analysis from Table 1 revealed that out of 223 respondents 33.2 % spend between Rs. 25001 – 50000 and 27.4 % spent Rs. 50001 – 75000 per annum for treatment. The majority (57.8%) of the respondents rely on reimbursement as a source of money for meeting their medical expenses. 24.7 % of the sample respondents have four of their family members covered by health insurance and 19.3 % of the respondents cover three family members. On the duration of holding a health insurance policy

54(24.2%) respondents hold it for a period of three years and another 54(24.2%) respondents hold it for a period of one year. On the yearly premium paid for health insurance 58(26%) respondents pay up to rs 10000 and 53(23.8%) pay up to rs 15000. In terms of insurance amount claimed 35% have claimed up to rs 25000 and 24.7 % have claimed between rs 250001 – 50000. On spending for health expense from own money 32.3% have incurred once and 18.8% have incurred twice. With regard to continuing the existing health insurance policy majority (81.2%) are of the opinion that they will continue with existing policy.

Table 1: Respondents' Insurance Purchase habits

Insurance Variables	Category	Frequency	Percent
Expenses Incurred Per Annum	below 25000	11	10.8
	25001 - 50000	17	16.7
	50001 - 75000	41	40.2
	75001 - 100000	24	23.5
	Above 100000	9	8.8
Source of Money for Medical Expenses	Own Money	17	16.7
	Reimbursement	61	59.8
	Both	24	23.5
Number of Family Members Covered	One	33	32.4
	Two	27	26.5
	Three	30	29.4
	More than three	12	11.8
Period of holding Insurance Policy	1 Year	9	8.8
	2 Year	39	38.2
	3 Year	38	37.3
	More than 3 Year	16	15.7
Yearly Premium Paid	Upto 5000	8	7.8
	Upto 10000	29	28.4
	Upto 15000	36	35.3
	More than 15000	29	28.4
Amount of Insurance Claimed	Upto 25000	78	35.0
	25001 - 50000	55	24.7
	50001 - 100000	52	23.3
	More than 100000	38	17.0
Frequency of meeting Health Expenses with Own Money	Once	39	38.2
	Twice	30	29.4
	More than Thrice	33	32.4
Opinion of Continuing the Policy with the same company	Yes	87	85.3
	No	15	14.7

Comparison of Insurance service across demographic profile of the respondents

In order to assess how far the mean score of insurance service varies across the demographic profile of the sample respondents a one-way analysis of variance has been used. The resultant 'F' statistics are illustrated in Table 2

H0 = There is no significant mean difference among the demographic profile of the respondents with respect to Insurance Service.

Table 2

ANOVA between Insurance service and profile of the respondents

Demographic Profile	Category	Dependent Variable – Insurance service				
		Mean	SD	F statistics	Significance (5%)	Result
Gender	Male	5.09	0.511	7.119	0.009*	Significant
	Female	5.42	0.711			
Age Group (Years)	Below 30	5.18	0.420	1.614	0.842	Not Significant
	31- 40	5.48	0.462			
	41 – 50	6.01	0.447			
	51 – 60	5.10	0.514			
	Above 60	4.87	0.848			

Education	Below 10th std	5.22	1.108	10.936	0.000*	Significant
	Up to HSC	4.48	0.520			
	Graduate	5.01	0.733			
	Post Graduate	5.22	0.992			
	Professional	5.87	0.973			
Occupation	Salaried	5.11	1.108	1.614	0.842	Not Significant
	Business	5.44	0.520			
	Agriculture	5.66	0.733			
	Professional	5.32	0.992			
	Retired	5.01	0.973			
Marital Status	Married	5.48	0.520	0.936	0.770	Not Significant
	Un Married	5.67	0.733			
Income	Less than 10000	5.123	1.108	11.132	0.010	Significant
	10001 - 20000	5.13	0.520			
	20001 - 30000	5.22	0.733			
	30001 - 40000	6.10	0.992			
	More than 40000	5.87	0.973			

\* Significance at 5 percent

Anova test results for Insurance service:

From the ANOVA table 2, significant mean differences among Gender (F= 7.119, P < 0.05), Education (F= 10.936, P < 0.05) and Income (F= 11.132, P < 0.05) were found with regard to insurance service. No significant difference was found among Age group, Occupational Status and Marital Status with regard to insurance service. Comparing the respondents mean value of insurance service between gender of the respondents revealed that female (M = 5.42) have a higher mean score than the male respondents.

Mean value comparison across education revealed that respondents who are professionals (M = 5.87) have a higher agreement score on insurance service.

On comparing the mean value of insurance service, those who are having a monthly income of Rs.30001 – 40000 per month (M = 6.10) have a higher mean score than other respondent groups.

Comparison of Insurance service across Insurance Purchase habits of the respondents

In order to assess how far the mean score of Insurance service varies across the insurance habits of the sample respondents a one-way analysis of variance has been used. The resultant 'F' statistics are illustrated in Table 3. H0= There is no significant mean difference among the insurance purchase habit of the respondents with respect to Insurance Service.

Table 3

ANOVA between Insurance Service and Insurance Purchase habits of the respondent

Anova test results for Insurance Service:

From the ANOVA Table 3, significant mean differences among per Annum expenses (F= 9.211, P < 0.05) and Source of expenses (F= 8.881, P < 0.05) were found with regard to TPA service. No significant difference was found among number of family members covered period holding Insurance Policy with regard to Insurance service. Comparing the respondents mean value of Insurance Service across the per annum expenses of the respondents revealed that those who spend Rs 75001 to 100000 (M = 5.76) and more than 100000 (M = 5.71) have a higher mean score than the other respondents. Comparing the respondents mean value of Insurance Service across the source of expenses of the respondents revealed that those who got money through reimbursement alone (M = 6.64) have a higher mean score than the other respondents.

Table 3

Insurance Purchase Habits	Category	Dependent Variable – TPA service				
		Mean	SD	F statistics	Significance (5%)	Result
Per Annum Expenses (rs)	Below 25000	5.77	0.420	9.211	0.010*	Significant
	25001 – 50000	5.23	0.462			
	50001 – 75000	5.55	0.447			
	75001 – 100000	5.76	0.514			
	More than 100000	5.71	0.848			
Source of Expenses	Own Money	5.31	1.108	8.881	0.000*	Significant
	Reimbursement	6.64	0.520			
	Both	5.88	0.973			
Number of Family Members Covered	One	5.21	1.108	1.914	0.541	Not Significant
	Two	5.62	0.520			
	Three	5.43	0.733			
	Four	5.11	0.992			
	More than four	5.22	0.973			
Period of Holding Insurance Policy (Years)	1	5.54	1.108	1.221	0.313	Not Significant
	2	5.13	0.520			
	3	5.33	0.733			
	4	6.45	0.992			
	More than 4	6.01	0.973			

\* Significance at 5 percent

Results and Suggestions

It was found from the study that across demographic profile of the respondents Gender, Education and Income of the customers had significant impact on the service expectation of the Start Health Insurance Company. However Age group, Occupation and Marital status of the customers did not have significant impact on the service expectation of the Star Health Insurance Company. It was also found that female customers expectation of the service was higher than male customers. With regard to Educational qualification, Professionals expectation of the service was higher than other qualified customers. Also across various income levels of the customers, monthly income customers expectation of service is higher than other income customers. Therefore the Star Health Insurance Company needs to concentrate on Gender, Education, Income of the customers in-order to match the service expectation Among the above three demographic variables Female, Professionals and Monthly income customers need to be concentrated more.

While analyzing the Purchase habits of the customers it was found that annual income and sources of income had significant impact on the purchase of insurance policies while Number of Family members, Period of holding health insurance policy did not have significant impact on the purchase of health insurance policy. Therefore Star health insurance company should have to concentrate on annual income and source of expenses of the customers which has a significant impact on purchase habits of the customers. Also among the customers medical expenses that are being re-imbursed had a significant impact on the purchase behavior of the customers. Hence Star Health Insurance Company need to concentrate on reimbursement enabled customers for their businesses.

Conclusions

Health Insurance research study is very limited among the insurance researches. "This studies the customer perception of service across demographic profiles and the purchase intentions across insurance variables, purchase habits across service of the insurance company." Based on the above decisions Star Health Insurance Company need to improve its quality of services as suggested above. The study has been carried out in the month of May, June 2015.The major Limitation of the study is that it is carried out among the urban customers only.

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