

Policy holders' awareness and factors influencing purchase decision towards health insurance in Coimbatore District

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Abstract

Health is the state of being free from illness or injury. It is a state of complete physical, mental and social well-being and not merely the absence of disease or infirmity. Health insurance is a safe guard against rising medical costs. Having a well-functioning insurance system ensures pooling of resources to cover risks. The objective of the study is to know the source of awareness on health insurance policies and factor influencing the purchase decision of customer in purchasing health insurance policy and to state the level of satisfaction. The sample size of the study was conducted in Coimbatore city with 100 respondents through convenient random sampling method. The tools and techniques used were simple percentage, chi-square and ANOVA. The obtained result of the study that most of them are aware through agents and coverage of the life risk is the main factor to take insurance policy and most of the respondents are satisfied with their agents' service. The existing health insurance programmes needed substantial reforms to make them more efficient and socially useful.

Keywords: health insurance, awareness, purchase decision factors, satisfaction level

1. Introduction

The health is the state of being free from illness or injury. World Health Organization (WHO), defines it is a "State of complete physical, mental, and social well-being, and not merely the absence of disease or infirmity". Health is a dynamic condition resulting from a body's constant adjustment and adaptation in response to stresses and changes in the environment for maintaining an inner equilibrium called homeostasis. Health insurance is a safe guard against rising medical costs. A health insurance policy is a contract between an insurer and an individual or group, in which the insurers agrees to provide specified health insurance at an agreed upon price (the premium). Depending upon the policy, premium may be payable either in a lump sum or in installments. Health insurance usually provides either direct payment or reimbursement for expenses associated with illness and injuries. The cost and range of protection provided by health insurance depends on the insurance provider and the policy purchased. Environment pollution is causing serious health problem to humans, poisonous gases, various wastes including nuclear waste generated by the people are seriously endangering the life on earth, a person may face serious monetary problems for the medical treatment and hospitalization during life. Now-a-days, most companies give the benefit of health insurance to its employees. Health insurance provides security to human life which is of prime importance to any individual.

Statement of problem

After the liberalization policy in 1991, private health insurance companies have entered in the insurance circle in India. It is estimated that only less than 20% of the total population have ensured their lives. There are mushrooming private companies

in India which are offering lot of policies of different nature and also try to acquire confidence from the people. This gave the researcher an idea to study about the necessity of awareness and satisfaction level of a policy holder's in health insurance have to be found through the research which is done in, Coimbatore.

Objective of the study

1. To know the source of awareness of a Health Insurance schemes.
2. To study the factor influencing the purchase decision of policyholders in purchasing Health Insurance Policy.
3. To examine the level of customer satisfaction towards agent's service of a company

Review of literature

Ghosh. (2013) ^[1] examined the awareness and willingness to pay for health insurance in Darjeeling. It was found that 31.5% of the respondents were aware of health insurance and only 18.5% of them subscribed to it. The main sources of awareness of health insurance are through agent, tax consultants, family, friends, TVs and doctors. It was found that marital status and income of the respondents were positively associated with health insurance, but education was negatively associated with it.

Aami and Ahmad. (2013) ^[2] Analyzed the awareness and willingness to buy health insurance and barriers to the subscription of health insurance in Pakistan. The result revealed that 82% of the respondents were aware of health insurance mainly through friends and insurance agent, followed by TVs, newspaper and family. The main barriers that prevented them from buying health insurance were difficulty in approaching insurance agents, inadequacy of knowledge on

a part of insurance agents, dissatisfaction behavior of insurance agents, accessibility and service quality of the linked hospitals, lack of reliability and flexibility.

Coviello, Antonio and Di Trapani, Giovanni, (2012) said customer satisfaction with a company's services is often seen as the key to a company's success and long-term competitiveness. The insurance industry is getting a lot of attention as Customer satisfaction. In the context of relationship marketing, customer satisfaction is often viewed as a central determinant of customer retention. The overall purpose of this article is to develop a conceptual foundation for investigating the customer retention process, with the use of the concepts of customer satisfaction and relationship quality. Customer satisfaction is a key metric for insurance companies to monitor in order to gauge which areas of their customer service are strong and which areas need improvement in order to maintain or increase their membership base

Scope of the study

Health insurance is the one which supports human life from the unforeseen situation. Though there are many banks, post offices, private financiers, financial institutions which provide fund facility and security, people need to prefer and go for the health insurance because of their prediction about future from the unexpected medical expenses through the individual, family floater, predictive health care etc.,

- **Sample size:** In this research work, Sample Size is 100
- **Sampling area:** The study was conducted in rural areas of Coimbatore District were only limited population was chosen on convenient random sampling

Methodology

Both primary and secondary data were used for the present study. For collecting the first-hand information one hundred of respondents were chosen by convenient random sampling method. Secondary data have been collected from Websites, Books and Journals.

Limitation of the study

1. The study was restricted to 100 respondents in rural areas of Coimbatore District.
2. The data was obtained through questionnaire and it has its own limitations.
3. The result would be varying according to the individuals as well as time.

Analytical tools

The following are the analytical tools applied for the analysis of the data collected:

- Simple percentage analysis
- Chi-Square test
- Analysis of Variance

Table 1: Simple Percentage Analysis Showing Personal Factor, Awareness of Respondents and Factor influencing the purchase decision of Health Insurance Policy

Factor	Options	No. of respondents	Percentage
Age	<20 Years	8	8
	21-30 Years	24	24
	31-40 Years	28	28
	>41 Years	40	40
Gender	Male	54	54
	Female	46	46
Marital status	Married	62	62
	Unmarried	38	38
Educational Qualification	No Formal Education	8	8
	College level	40	40
	Diploma	10	10
	Under Graduate	17	17
	Post Graduate	22	22
	Others	3	3
Occupation	Professional	9	9
	Salary	48	48
	Business	23	23
	Others	20	20
Income per month	>15000	30	30
	16000-20000	25	25
	21000-25000	24	24
	Above 26000	16	16
Family status	Joint	23	23
	Nuclear	77	77
Number of policy holders in family	One policy holder	27	27
	Two policy holder	44	44
	Three policy holder	18	18
	More than three policy holder	11	11
	Others	2	2
Source of awareness	Advertisement	5	5
	Friends Relatives	28	28
	Agents	42	42
	Employer	16	16

	Self	7	7
	Others	2	2
Factors which influence to take policy	Coverage of the Life Risk	50	50
	Savings	33	33
	Income Tax Relief	12	12
	Others	5	5
Type of health insurance plan	Individual Policy	33	33
	Family Floater Mediclaim	18	18
	Surgery & Critical Illness	12	12
	Senior Citizen	29	29
	Preventive Health Care	7	7
	Others	1	1
Period of availing health insurance	<3Years	28	28
	3 - 6 Years	40	40
	6 - 9 Years	20	20
	>10 Years	12	12
Frequency of premium payment	Monthly	25	25
	Quarterly	43	43
	Half Yearly	19	19
	Annually	13	13
Premium Payment made by	Self	23	23
	Agent	57	57
	By post	4	4
	Salary deduction	11	11
Mode of payment	Bank	5	5
	Cash	59	59
	Cheque	15	15
	Electronic Payment System	26	26
Reasons for discontinued policy	Lapse of policy	6	6
	Due to non-renewal	4	4
	Switch over to better policy	24	24
	Breach of trust by the company	2	2
Satisfaction about agents service	Highly Satisfied	35	35
	Satisfied	53	53
	Not Satisfied	12	12

Interpretation

It is inferred that most of the respondents (40%) are in the age group of >41 Years. Majority of the respondents (54%) are male and 62% of the respondents are married. Nearly 40% of them have completed college level education and 48% belong to salaried class with the monthly income of below 15,000. 77% of the respondents are belonging to nuclear family and 44% of the respondents are availing 2 policies in their family. The aware of health insurance through agents (42%) and coverage

of life risk 50% and having individual policy to the extent of 33% of the respondents. Period of availing health insurance is about 3-6 years and 93% of the respondents pay premium quarterly. Most of the respondents (57%) are paying their premium through agent. Most of the respondents (59%) preferred cash mode and 24% of the respondents are discontinued due to switch over to better policy. The majority of the respondents are satisfied regarding agent's service provided to policy holders.

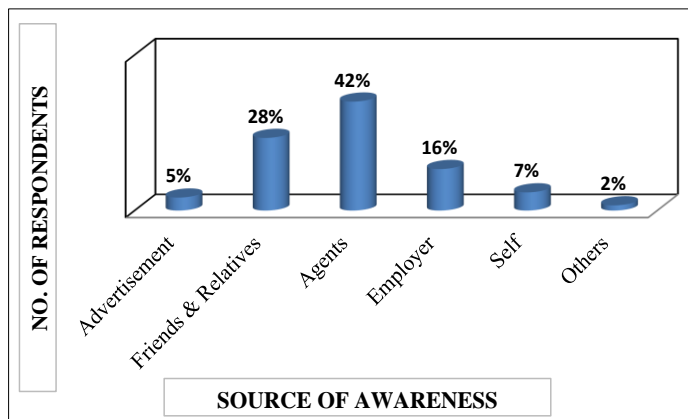


Fig 1

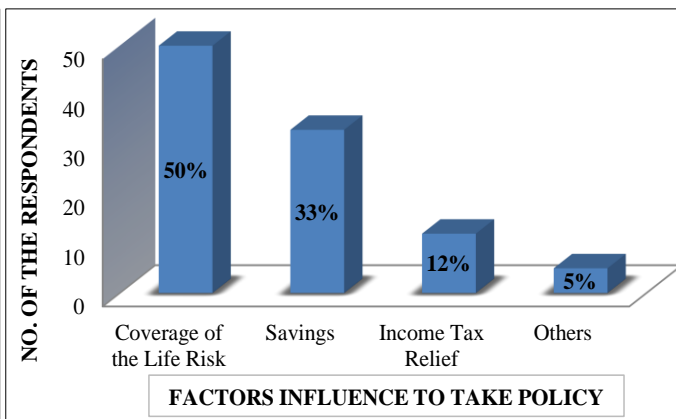


Fig 2

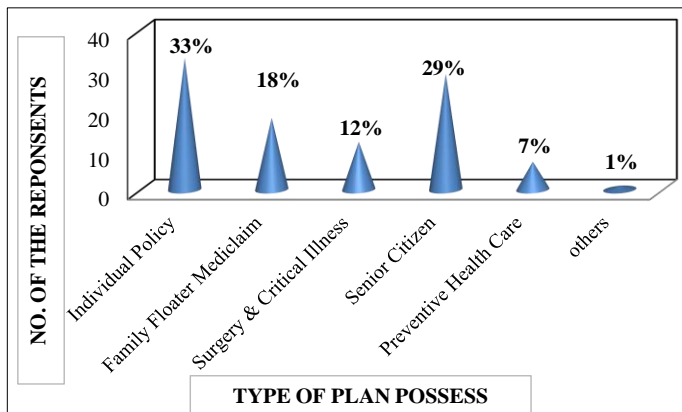


Fig 3

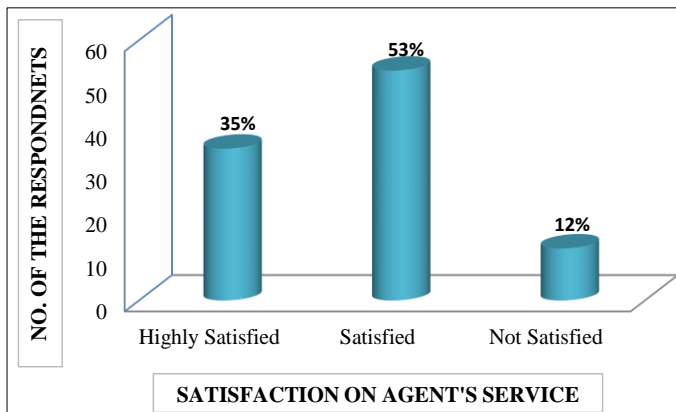


Fig 4

Table 2: Chi-square test Relationship between Age & Source of Awareness of the policy

	Calculated Value	Table value	Degree of freedom	Remark
Pearson Chi-Square	60.6394	24.996	15	Significance at 5% level

Interpretation

It is observed that the table that the calculated value is greater than the tabulated value. Hence the alternative hypothesis is accepted and it is concluded that there is a relationship between age and source of awareness among the respondents regarding the health care policies.

Table 3: ANOVA Table showing relationship between income and premium payment of the respondents

Source of Variance	Sum of square	Degrees of freedom	Mean sum of square	Variance ratio	Significance
Between SS premium	105.5	3	35.1667	4.4577(or)4.4%	0.05
Between SS income	30.5	3	10.1667	1.2887 (or) 1.29%	
Error	71	9	7.889 (or) 8%		
Total	207	15			

Interpretation

The above table shows about the relationship between income and premium payment of the respondents provided that the calculated value of premium amount is 4.46% and the tabulated value is 8.81%. The calculated value is less than the tabulated value. Hence the null hypothesis is accepted. The calculated value of income amount is 1.29% and the tabulated value is 8.81%. The calculated value is less than the tabulated value. Hence the null hypothesis is accepted and it is concluded that there is not significant relationship between the income and premium amount of respondents.

Findings

Based on the results, it is found that majority of the respondents are belong to the category of above 41 years. 54 % of male respondents and 40% of the respondents have completed their school level. Most of the respondents are aware about the health insurance through agents. 50 % of the respondents are influenced by the factors such as coverage of risk in deciding the health insurance.

Suggestions

The health insurance companies have to be improved the source of awareness through advertisement such as newspaper, TV, hoardings etc. Some of the policy holders are not satisfied regarding different types of plan or scheme provided by the health insurance companies, due to less returns, high premium, due to bad service of the company, not easy to renewal and other further reasons. Few of the respondents are not satisfied about agent's service. So, they have to improve their performance and services. Some of the policy holders were

discontinued their policy due to lapse of policy, non- renewal of policy, switched over to better policy, breach of trust by the company etc., and those issues should be rectified. The company should provide the service according the needs of or policy holders because; they are the kings towards the business.

Conclusion

The health insurance policy is essential for every person and it protects life from unforeseen of medical expenses. Even family members are also get benefited while taking family floater mediclaim policy. Health Insurance Companies providing various types of policies to their customers. Now-a-days every person must have Health insurance for protecting their future. The awareness among the public should be improved about the policies.

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