

Exploration on Consumer's Perception and Buying Behavior of Health Insurance Policies in Hyderabad City

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Abstract: Health insurance is an emerging channel of distribution adopted by insurers to increase the insurance market and its penetration. Health Insurance can reimburse the expenses of individuals incurred from the long term illness or sudden injuries to pay care provider directly. The present study attempts to know the perception levels to find out the awareness, influence, expectations, and willingness to purchase policy from the Non-Health Insurance Policy holders in Hyderabad City. A sample of 118 respondents were collected for this purpose and statistical analysis such as percentage analysis for socio-economic factors, awareness levels, sources of information, the Insurer type, policy options, and preferences in payment methods among the Non-Health Insurance policy holders was done. Ranks were assigned to the variables for influence in purchasing the policy through weighted average scores. Different influential factors for buying health insurance policy was explored by Exploratory Factor analysis. We found in our study that socio-economic factors, individuals' perception and personality traits induces health insurance policy buying behavior in the region.

Keywords: Non-Health Insurance holders, Perception, Percentage Analysis, Weighted Average Scores, Exploratory Factor Analysis.

I. INTRODUCTION

Health is a major concern on everybody's mind in the present environment. There is enormous scope for increasing healthcare services perception in India and boons ample opportunity for expansion of the healthcare industry. Health insurance become enlarging new dimensions and mechanism to provide financial aid for health care services to the stakeholders. The main aim of country's healthcare reforms by expanding health insurance schemes as an agenda to reduce poverty of individuals. In 2020, India become one of the top three healthcare markets in terms of its incremental growth. Therefore there is a need to focus on extending health insurance sector to reach maximum consumers by bringing awareness and explaining about policy benefits.

The present study attempts to know the perception levels to find out the awareness, influence, expectations, and willingness to purchase policy from the Non-Health Insurance Policy holders in Hyderabad City. The study explores the information about health insurance to assess the individuals' awareness, willingness to join and pay for various premiums of policies. It is also an effort to examine the problems of consumers in subscribing the health insurance policies.

II. REVIEW OF LITERATURE

Many researchers focused on bringing awareness about the health insurance in various parts of India. Manish Madan and Shweta Pathak (2012) researched about the service quality perception of customers about insurance companies in Delhi region. Ramamoorthy and Senthil Kumar (2013) studied growth of health insurance industry in India and to measure insurance parameters and buying behavior through the Insurers. Suman Goel (2014) explored with empirical study about respondents awareness, preference of different types of health insurance policies and barriers in subscribing the policy and willing to take and pay the premium in Rohtak district of Haryana. Joshi and Shah (2015) aimed to know the awareness and perception towards various health insurance service providers and influence of various factors in purchasing insurance policies in Ahmedabad city. Narware (2017) attempted something similar in Gwalior city of Madhya Pradesh. Tripathy et al. (2018) conducted an empirical study to analyze the influence of demographic, socio, economic parameters to determine the awareness of the health insurance in Bhubaneswar city of Odisha. However, there is no evidence of studies conducted on creating awareness in purchasing health insurance in Hyderabad city. This paper attempts to know the consumer's awareness levels, influence and willingness to purchase the policies among the non-insurance policy holders.

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III. STATISTICAL ANALYSIS RESULTS

Table-3.1: Demographical Details of Non-Health Insurance Policy Respondents:

S. No.	Demographical Variables	Attributes	Frequency	Percentage
1	Gender	Male	85	72.0
		Female	33	28.0
		Total	118	100.0
2	Age	Less than 25Years	48	40.7
		25-40 Years	58	49.2
		40-60 Years	10	8.5
		Above 60 Years	2	1.7
		Total	118	100.0
3	Education	Illiterate	1	.8
		Primary	33	28.0
		Higher Secondary	62	52.5
		Graduation	15	12.7
		Post-Graduation	7	5.9
		Total	118	100.0
4	Occupation	Employed	55	46.6
		Self Employed	6	5.1
		Labour or Daily wagers	0	0
		Housewife	7	5.9
		Unemployed	37	31.4
		Professional	13	11.0
		Retired	0	0
		Total	118	100.0
5	Income	Less than 1 Lakh	48	40.7
		1-5 Lakhs	42	35.6
		5-10 Lakhs	19	16.1
		10-15 Lakhs	4	3.4
		Above 15 Lakhs	5	4.2
		Total	118	100.0
6	Type of Family	Joint	42	35.6
		Nuclear	76	64.4
		Total	118	100.0

Table 3.1 shows that a high percentage of the consumers were male respondents. Nearly 85 or (72%) of the sample size were males compared to female members who are 33 samples or (28%) from the non-health insurance claims. Majority of the members in the age groups of 25-40 years had shown interest to take health insurance policy. A majority of the non-health policy respondents had completed higher secondary education followed by primary and graduation. Most of the respondents were employed

(46.6%), and the unemployed (31.4%) fall below less than 1 lakh to 5 lakh in the level of income group. Most of the married respondents were living in nuclear families (64.4%) than joint families (35.6%). The graphical representations were shown for the better understanding of demographical variables.

Graphical Representations:

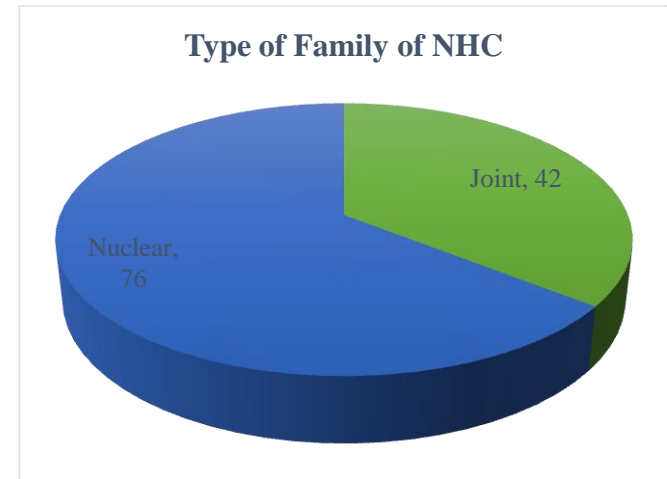
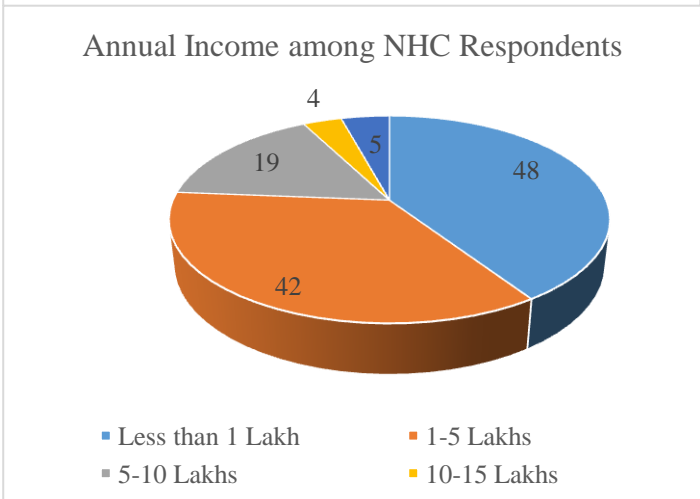
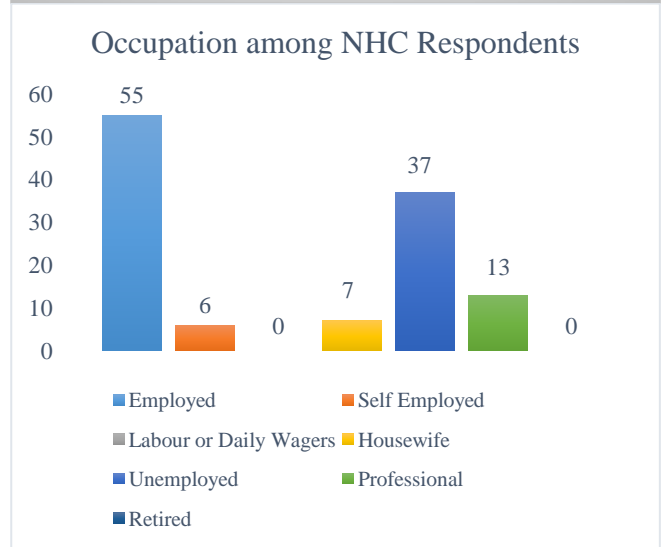
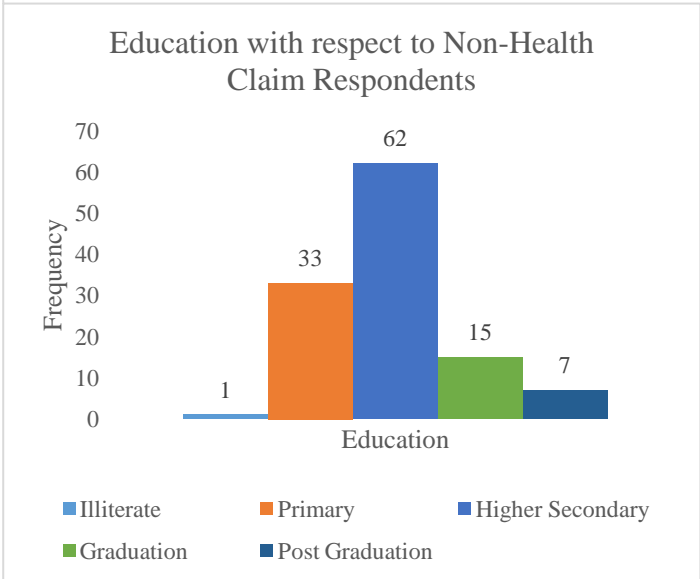
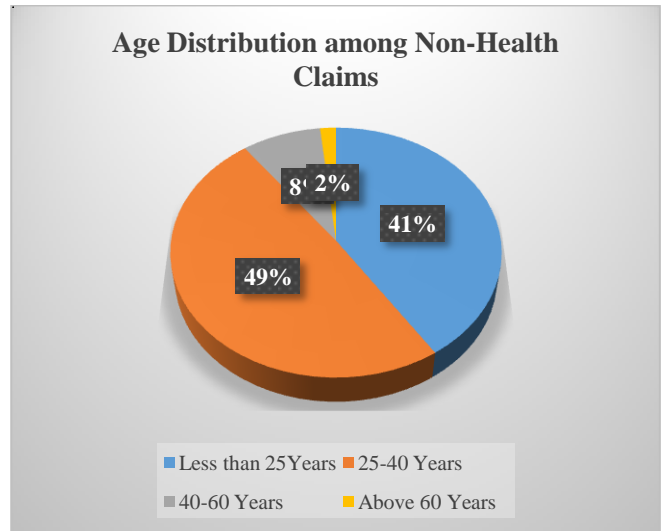
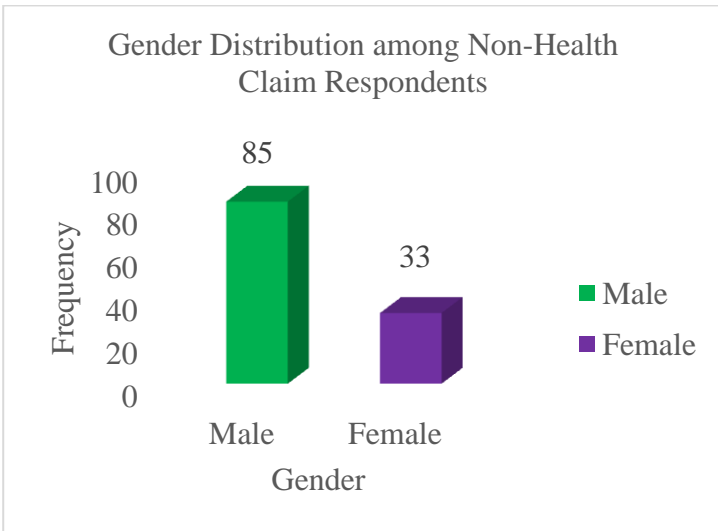


Table-3.2: Awareness, Expectations and Sources of Information from Non-Health Insurance Policy holders:

Variable	Attributes	Frequency	Percentage
Awareness about Health	Yes	86	72.9

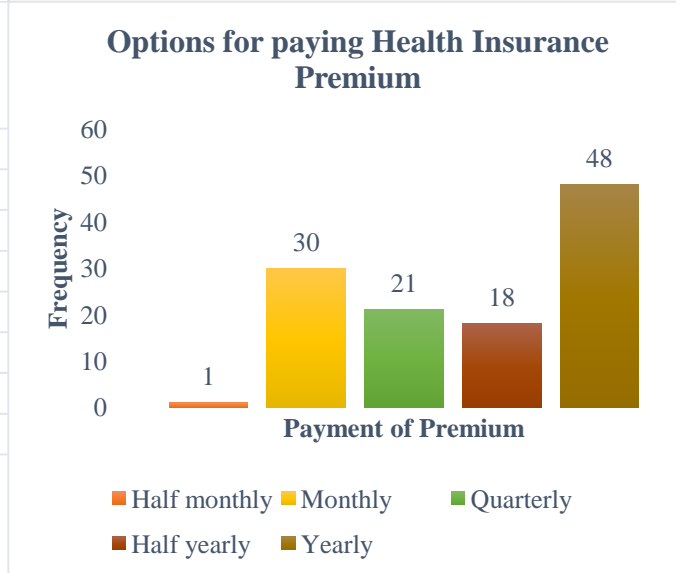
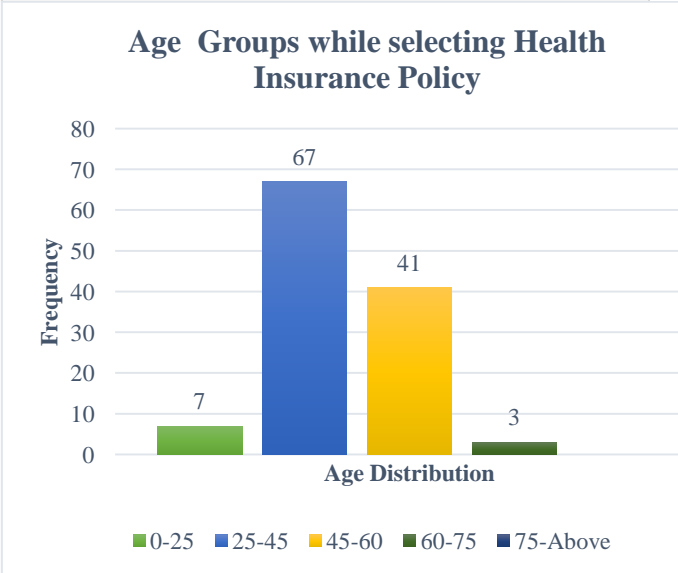
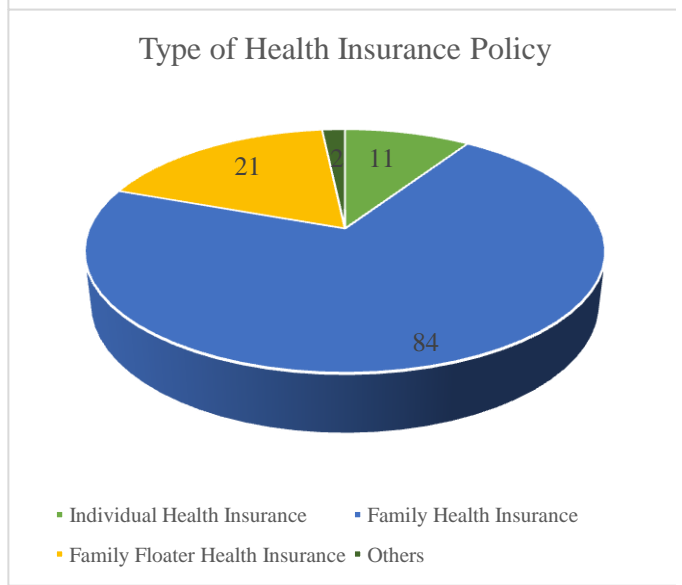
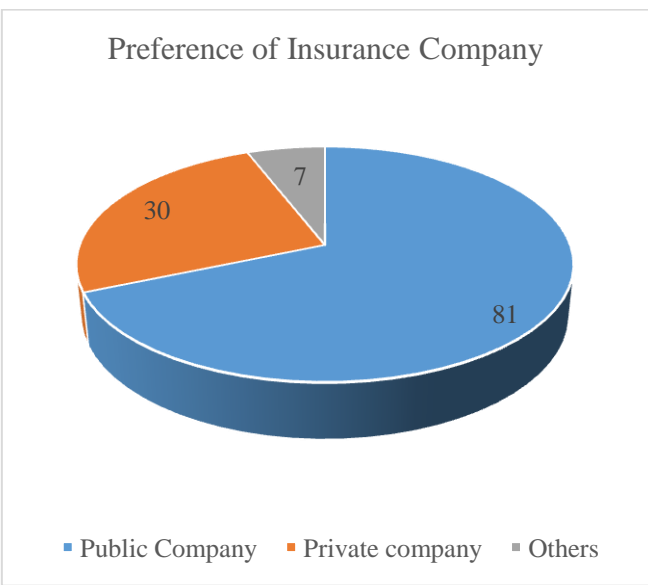
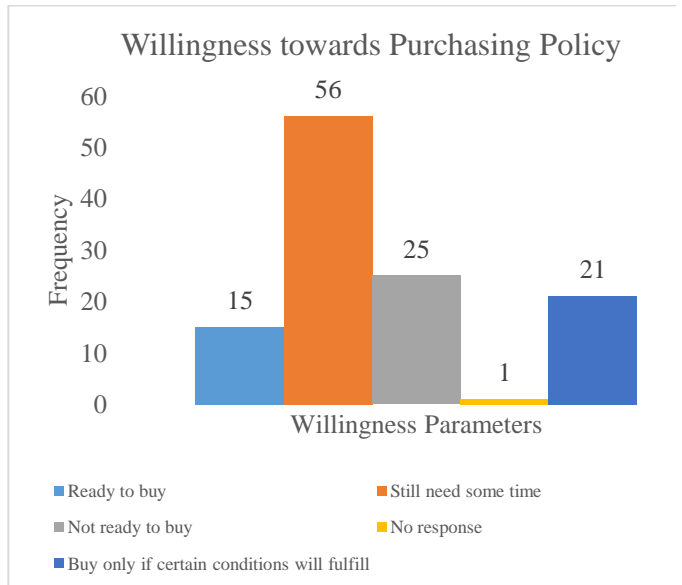
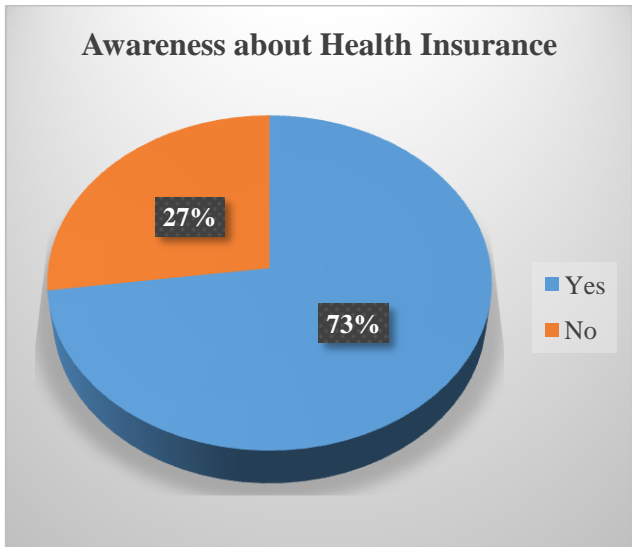
Variable	Attributes	Frequency	Percentage
Insurance	No	32	27.1
	Total	118	100.0
Expectations from the Health Insurance Scheme	Good/Quality Health Package	57	48.3
	Thorough awareness	7	5.9
	Accessibility and affordability	16	13.6
	Keep to Promises	10	8.5
	Free Registration/Medical Check-Up	5	4.2
	Refund if not used	15	12.7
	Flexible Payment System	2	1.7
	Provision of Mobile Health across all Areas	6	5.1
	Total	118	100.0
Sources of Information	TV	20	16.9
	Newspaper	20	16.9
	Agents	11	9.3
	Family	10	8.5
	Friends	33	28.0
	Movies	2	1.7
	Insurance Companies Employees	10	8.5
	Doctors and Tax Consultants	1	.8
	Others	11	9.3
Total	118	100.0	
Willing to purchase Health Insurance Policy	Ready to buy	15	12.7
	Still need some time	56	47.5
	Not ready to buy	25	21.2
	No response	1	.8
	Buy only if certain conditions will fulfil	21	17.8
Total	118	100.0	
Preference of Insurance Company	Public Company	81	68.6
	Private company	30	25.4
	Others	7	5.9
	Total	118	100.0
Preference of Health Insurance Policy Type	Individual Health Insurance	11	9.3
	Family Health Insurance	84	71.2
	Family Floater Health Insurance	21	17.8
	Others	2	1.7
	Total	118	100.0
Age groups while Preferring Health Insurance Policy	0-25	7	5.9
	25-45	67	56.8
	45-60	41	34.7
	60-75	3	2.5
	75-Above	0	0
	Total	118	100.0
Options for Payment of Health Insurance Policy	Half monthly	1	0.8
	Monthly	30	25.4
	Quarterly	21	17.8
	Half yearly	18	15.3
	Yearly	48	40.7
	Total	118	100.0

Table 3.2 describes the awareness, expectations and sources of information and insurance related parameters for choosing health insurance policy. In this study maximum number of consumers are aware about the health insurance (nearly 72.9%) and approximately half of them (48.3%) are expecting of good/quality health packages over the many expectations with various sources of information. Respondents still need some time (47.5%) to avail the health insurance schemes than the other means and have given

preference to the public company (68.6%) rather than private company (25.4%). Consumers have given highest preference for family health insurance (71.2%) followed by family floater (17.8%) and individual (9.3%). Majority of the consumers wish to avail health insurance between the ages of 25-45 years (56.8%) and 45-60 years (34.7%) and most of them expressed their interest to pay the premiums yearly than the other modes of payments.

IV. GRAPHICAL REPRESENTATIONS





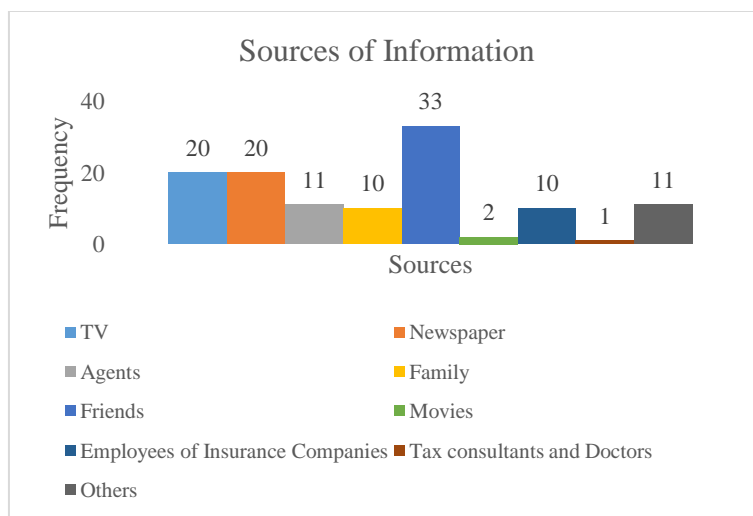
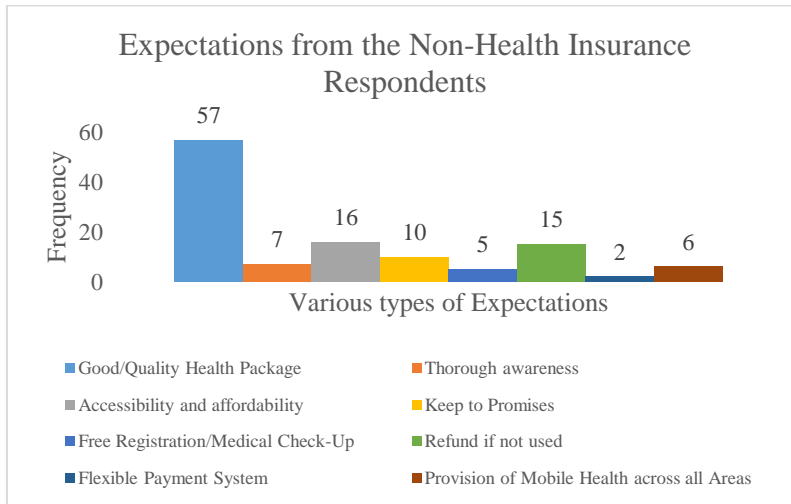


Table-3.3: Government Support for Health Insurance Subscription

Variable	Attributes	Frequency	Percentage
Should you pay for your health care when you are sick or should the government pay?	I should pay	66	55.9
	The Government	52	44.1
	Total	118	100.0
Can the government pay for everybody’s health care or should people contribute?	The Government	47	39.8
	People should contribute	71	60.2
	Total	118	100.0

Table 3.3 shows that respondents had shown interest to pay their own health care expenses (55.9%) and they did not depend on the government to pay for it. All respondents expressed that people should contribute for everybody’s health care (60.2%) than depend on

government initiatives. It is a positive sign that the respondents are interested to avail health insurance schemes based on their income levels and they do not want expenses to be burdened on governments.

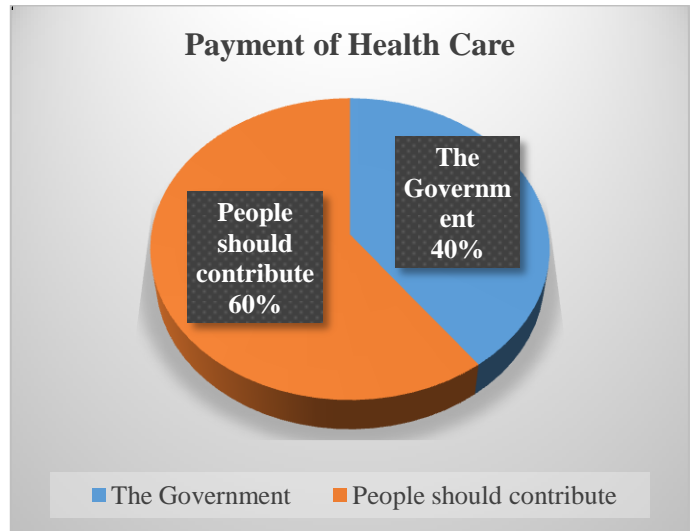
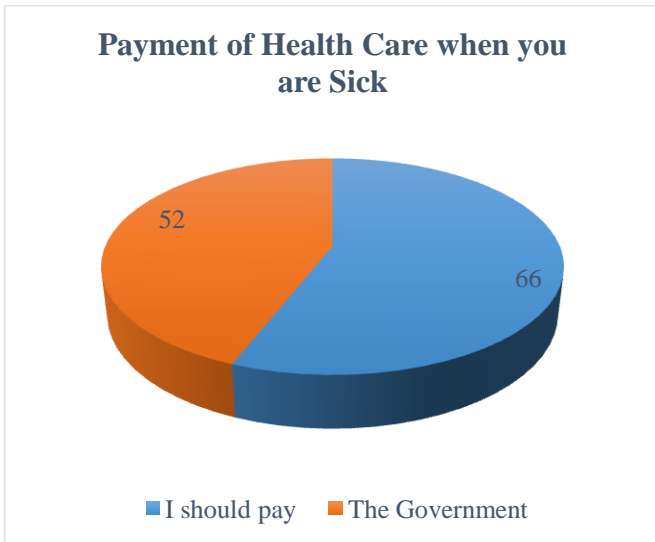


Table-3.4: Influence in Purchasing Health Insurance Policy

S. No.	Attributes	WAS	Rank
1	Someone suggest to purchase	2.90	3
2	Friends & relatives purchase	2.89	4
3	Some contribution employer made	2.88	5
4	With some modification in policy options	3.05	2
5	Comprehensive coverage provided	3.27	1

Table 3.4 reveals the ranking of influence in purchasing the health insurance scheme with weighted average scores. Most influenced factor for purchasing health insurance is to avail comprehensive coverage provided by insurers for which respondents have given highest preference (1st) followed with some modifications in policy options (2nd) provided by insurers of public and private companies. Some suggested (3rd) that friends & relatives

purchase the health insurance (4th) occupies next influenced preferences and least preference given some contributions from employers of the companies. From the above table we can say that most of the respondents are influenced by the comprehensive coverage period of the health insurance schemes by the insurers than the other reasons.

Table-3.5: Factor Analysis for Influence in Purchasing the Health Insurance Policy

Table-3.5.1-KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.810
Bartlett's Test of Sphericity	Approx. Chi-Square	890.449
	df	171
	Sig.	0.000

Table-3.5.2-Total Variance Explained

Component	Initial Eigenvalues			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %

1	6.533	34.385	34.385	4.622	24.328	24.328
2	1.934	10.179	44.564	2.683	14.118	38.447
3	1.845	9.711	54.274	2.210	11.634	50.081
4	1.110	5.843	60.117	1.907	10.036	60.117

Table 3.5.3: Influence of factors in purchasing Health Insurance Policy

Factors	Dimension	Factor Loadings (λ)	Eigen Values	% Variance	Cronbach's Alpha (α)
Policy Characteristics	Lack of comprehensive coverage	0.608	4.622	24.328	0.888
	Lack of reliability and flexibility	0.575			
	Linked hospitals are not easily accessible	0.634			
	Difficulty in availing services in hospitals	0.695			
	Narrow policy options	0.773			
	More co-payment involved	0.785			
	More deductible applicable	0.799			
	More hidden cost involved	0.760			
Agent Characteristics	Unaware about it	0.607	2.683	14.118	0.763
	No one suggested about it	0.666			
	Difficulty to approach insurance agents	0.696			
	Inadequacy of knowledge on the part of insurance agents	0.756			
	Behaviour of insurance agents was not satisfactory	0.531			
Individual Preferences	Don't like to buy	0.775	2.210	11.634	0.691
	Don't feel the need for it	0.784			
	Prefer to invest money in some other areas	0.686			
Other alternative for health financing	Low salary/non availability of funds	0.705	1.907	10.036	0.554
	Not taken by friends, relatives etc.	0.563			
	Saving in some other areas to meet health care needs	0.540			

From the tables 3.5.1, sampling adequacy was computed through Kaiser-Meyer-Olkin measure of sampling adequacy is 0.810 and the samples are good enough for sampling. Further the overall significance of correlation matrices has been tested with Bartlett Test (approx. $\chi^2=890.449$ and significant at 0.000) provides the validity of data for factor analysis. Before starting factor analysis, applied Cronbach's alpha test for checking the reliability of parameters. The table 3.5.2 and 3.5.3 represents the corresponding percentage of variance of factors derived from the factor analysis over 19 influenced factors that were clustered into 4 factors and consider being most important while purchasing the Health insurance policies through Principal Component Analysis. The extracted factors explained 60.11% of variance in the model. The first extracted factor accounted for 24.328% of variance in the

data and loaded 8 statements as "Policy Characteristics". The second extracted factor accounted for 14.118% of variance with 5 statements and was indicated as "Agent Characteristics". The third extracted factor accounted for 11.634% of variance with 3 statements and indicated by "Individual Preferences". The last extracted factor accounted for 10.036% of variance with 3 statements and indicated by "Other alternative for health financing".

Four factors identified on the basis of factor analysis are:

- Policy characteristics (comprehensiveness and flavors)
- Agent characteristics (knowledge, accessibility etc.)
- Individual preference (doesn't feel the need)

- Other alternative for health financing

Policy characteristics needs to be dominant factor for the purchase of health insurance. Second factor seems to be agent accessibility & knowledge. Respondents are interested in the comprehensive coverage of the policy. Customization of the policy as per the prospective customer might increase the subscription of health insurance. Similarly, knowledge of the agents need to be improved in order to disclose the characteristics of the various insurance products to the customer.

V. CONCLUSION

It's a good indicator that the respondents are aware of the health insurance. The interest in health insurance is especially high in the age group of 25-45 for family coverage with an expectation of attaining quality health package and accessibility & affordability of health infrastructure. Insurers can be dependent on the word of mouth for the distribution channel as 'Reference by friends' seems to be dominant channel for the familiarity of health insurance in the respondents. Media takes the second place for the awareness of health insurance products. 60 percent of respondents still believe health insurance needs to be paid by the individuals rather than government on behalf of insured. This reflects that the potential of the market to be tapped by the insurers is high. Policy coverage and its characteristics seems to be dominant factor in influencing the buying decision. It is the customization of the product design as per the prospective customers might convert the nonsubscribers to subscribers of health insurance policy. Agent's accessibility and knowledge seems to be other major factor influencing the decision of the prospective customers. Insurers need to be proactive in the training and development of the agents for the health insurance to prosper in future.

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