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 25 Years       | 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       |
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**
### Awareness about Health Insurance

- **Yes:** 73%
- **No:** 27%

### Willingness towards Purchasing Policy

- Ready to buy: 15
- Still need some time: 56
- Not ready to buy: 25
- No response: 1
- Buy only if certain conditions will fulfill: 21

### Preference of Insurance Company

- Public Company: 81
- Private company: 30
- Others: 7

### Type of Health Insurance Policy

- Individual Health Insurance: 21
- Family Health Insurance: 11
- Family Floater Health Insurance: 13
- Others: 84

### Age Groups while selecting Health Insurance Policy

- 0-25: 7
- 25-45: 41
- 45-60: 67
- 60-75: 3
- 75-Above: 1

### Options for paying Health Insurance Premium

- Half monthly: 1
- Monthly: 30
- Quarterly: 21
- Half yearly: 18
- Yearly: 48
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 |
|-----------|---------------------|-----------------------------------|
|           | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
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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                             |                    |              |            |                      |
|                                | Behaviour of insurance agents was not        | 0.756              |              |            |                      |
|                                | satisfactory                                 |                    |              |            |                      |
| 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   | Low salary/non availability of funds         | 0.705              | 1.907        | 10.036     | 0.554                |
| financing                      | Not taken by friends, relatives etc.         | 0.563              |              |            |                      |
|                                | Saving in some other areas to meet           |                    |              |            |                      |
|                                | health care needs                            |                    |              |            |                      |

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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