

# A STUDY ON HEALTH INSURANCE PLANS OF 5 HEALTH INSURANCE COMPANIES AND THEIR CONSUMER PREFERENCE IN PUNE, INDIA.

Soham Kanoj<sup>1</sup>, Prakash Devasi<sup>2</sup>

<sup>1</sup> BBA FS, School of Management, Ajeenkya DY Patil University, Pune 412105

<sup>2</sup> BBA FS, School of Management, Ajeenkya DY Patil University, Pune 412105

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**Abstract** - Health insurance is the second product which is widely purchased by the population of India after Motor Insurance, according to the annual report of IRDA 2016-2017 Health Insurance comprises 27% versus Motor Insurance comprises 39% of the total insurance segment. And it is increasing day by day due to over increasing risk of health and its cost of treatment.

The reason for choosing the topic "A detailed study on health insurance plans of 5 Health Insurance Companies and their consumer preference in Pune, India" is to understand and gain knowledge where each of the 5 companies, ICICI Lombard, Religare, Apollo Munich, Star Health and Max Bhupa stand in accordance with their health benefiting plans, premium, settlement ratios, etc. and their consumer preferences.

**Key Words:** Health Insurance, Consumer Preference, 5 companies, Purchase, Risk Management.

## 1. INTRODUCTION

### INSURANCE:-

Insurance is a contract between the insurer and the insured in which the insurer promises to pay a certain amount if any loss takes place to the insured in exchange of yearly premium paid by the insurance holder to the company. The claim can only be settled if the loss complies to the terms and condition of the policy at the time of contract. The most common types of personal insurance policies are Vehicle, Health, Property, and Life.

### HEALTH INSURANCE:-

It requires only one visit to the hospital in an emergency situation to realise the importance of life and also the importance of the Health Cover Plans, doesn't matter if the individual is poor or rich, female or male and irrespective of the age. Many diseases such as heart failure, diabetes, kidney failure, paralysis etc are common these days due to numerous factors. Although wealthy people can afford the cost of the treatment but the poor and middle class people face it as a big mountain in their life. Day by day due to advancement of the technology and increasing inflation medical expenses are increasing. In such situation the Health Insurance Policy plays a vital role in covering such expenses to a great extent.

Health Insurance policy usually covers sum assured up to 5 Lacs but in some plans the sum assured are also up to 50lacs and 1 crore. The premium of the policy depends upon the medical history, age, plans, and current health condition of

the policy holder. Many health insurance companies offer to cover the ambulance expenses and other nominal expenses but on that service they tend to charge a higher premium amount. IRDA (Insurance Regulatory and Development Authority) is the governing body of the Insurance Segment which also covers the Health Insurance Segment.

### THE EVOLUTION OF HEALTH INSURANCE IN INDIA:-

In 1986 when 'Medi-claim' was first launched by the Indian government it offered minimum and maximum health coverage of INR 15,000 and INR 5 Lakhs respectively. Today the minimum sum assured by the private sector insurance companies is 3 Lacs and for the public sector companies is Rs 50,000.

As discussed earlier due to advancement in technology the cost of the health service has increased drastically, the medical procedure which cost 10,000 Rs earlier now cost about 25,000 Rs. Many treatments were not known before but due to increase in research in the medical field it increases the cost to a significant amount.

In India health insurance started only as a cover for families and Individual Citizens and then it offered reimbursement for hospital treatment only. There were also caps and sub limits on every single item covered by the policies. But, as health care started to evolve the sub-limits were removed during the 1990s and with improved life expectancy and increasing number of private hospitals more and more people started to buy health insurance policies.

Third Party Administrators were introduced by the Insurance Regulatory and Development Authority (IRDA) in 2001 which acted as the link between the companies and the hospitals and in turn allowed the insurance companies to offer digital facilities on their products.

### **1.1 Research problem**

A study on health insurance plans of 5 health insurance companies and their consumer preference in Pune, India.

### **1.2 Objectives**

- To know consumer preference and awareness about the various plans of companies.
- To know the importance and value of health insurance amongst the people.
- To know gross direct premium/income of the 5 companies and their growth.

## 2. RESEARCH METHODOLOGY

|                     |  |
|---------------------|--|
| Data Source         | Primary: Online Questionnaire<br>Secondary: IRDA Website |
| Type of Research    | Quantitative Research                                    |
| Area of Research    | Pune   |
| Research Approach   | Survey Method  |
| Research Instrument | Questionnaire  |
| Sample Size         | 100  |
| Sample Method       | Convenience Sampling                                     |

## 3. DATA ANALYSIS AND FINDINGS (PART-I)

### 1. GROSS DIRECT PREMIUM INCOME OF 5 COMPANIES

Total Gross direct premium of the above 5 companies in 5 years amounted to 55,962 crore. In which ICICI Lombard continued to be the largest insurance company to gain premium in health insurance sector and have a huge 70% of the Total Gross Income which is 39,298 crore. Religare, Apollo Munich, Star Health, Max Bhupa contributes 3.17%, 8.01%, 15.03%, 3.55% respectively to the Total Gross Premium Income of the 5 Years.

| Companies Name     | 2012-2013 | 2013-2014 | 2014-2015 | 2015-2016 | 2016-2017 | TOTAL         |
|--------------------|-----------|-----------|-----------|-----------|-----------|---------------|
| ICICI Lombard      | 6133      | 6921      | 7429      | 8090      | 10725     | 39298         |
| Religare           | 39        | 152       | 326       | 533       | 726       | 1776          |
| Apollo Munich      | 620       | 692       | 852       | 1022      | 1301      | 4487          |
| Star Health        | 860       | 1091      | 1496      | 2007      | 2960      | 8414          |
| Max Bhupa          | 207       | 309       | 402       | 476       | 593       | 1987          |
| <b>Grand Total</b> |           |           |           |           |           | <b>55,962</b> |

### 2. BEST INDIVIDUAL HEALTH INSURANCE PLAN

The following plan comparison will be for sum assured 5 lakhs, age of the policy holder will be 25years with no existing disease.

#### 1. Star Health Insurance :

**Room Eligibility:** 5,000Rs/Day

**Co Pay:** 0% Co-Pay

**Pre-Existing Diseases:** 4 Years Waiting Period

**Premium:** 6,431Rs/Annually (Incl. of Taxes)

#### 2. Max Bhupa Health Companion :

**Room Eligibility:** All Categories (Except Suite)

**Co Pay:** 0% Co-Pay

**Bonus:** 1 Lakh Bonus if no claim in a Year

**Premium:** 6,543Rs/Annually (Incl. of Taxes)

#### 3. Religare Health Insurance :

**Room Eligibility:** Single Private Room

**Co Pay:** 0% Co-Pay

**Bonus:** 3.6 Lakhs if no Claim in a Year

**Premium:** 7,363Rs/Annually (Incl. of Taxes)

#### 4. Apollo Munich Optima Restore :

**Room Eligibility:** All Categories

**Co-Pay:** 0% Co-Pay

**Bonus:** 2.5 Lakhs if no claim in a Year

**Premium:** 7,971Rs/Annually (Incl. of Taxes)

#### 5. ICICI LOMBARD :

**Room Eligibility:** Single Private Room

**Co-Pay:** 0% Co-Pay

**Hospitalisation:** "AYUSH" Covered

**Premium:** 3,595Rs/ Annually (Incl. of Taxes)

As per above Information we can conclude that if a person/individual has to cover himself/herself with a health insurance policy by spending the least amount of premium then ICICI Lombard can be the best choice, though it doesn't have a bonus feature and it may not cover minimal expenses such as ambulance expenses etc.

### 3. BEST FAMILY FLOATER HEALTH INSURANCE PLAN

The following plan comparison will be for policy holder's age as 25 Years, Spouse age as 24Years, Father Age as 50 Years and Mother Age as 48 Years with no existing disease and hospitalisation cover for 5 Lakhs.

#### 1. Religare Health Insurance: No Claim Bonus Super

**Existing Disease:** Waiting Period of 4 Years.

**Room Eligibility:** Single Private Room

**Co-Pay:** 20% after age of 61

**Bonus:** up to 150%

**Premium:** 10,387Rs/ Annually (Incl. of Taxes)

#### 2. Star Health Comprehensive:

**Existing Disease:** Waiting Period of 4 Years.

**Room Eligibility:** Single AC Room

**Co-Pay:** 10% after age of 60

**Bonus:** 50% every Year Up To 100%

**Premium:** 12,296Rs/ Annually (Incl. of Taxes)

#### 3. Apollo Munich Optima Restore:

**Existing Disease:** Waiting Period of 3 Years.

**Room Eligibility:** No Limit on Room Rent

**Co-Pay:** 0%

**Bonus:** 50%

**Premium:** 11,159Rs/ Annually (Incl. of Taxes)

#### 4. Max Bhupa Health Companion:

**Existing Disease:** Waiting Period of 3 Years.

**Room Eligibility:** No Limit on Room Rent

**Co-Pay:** 0%

**Bonus:** Up To 100%

**Premium:** 9,176Rs/ Annually (Incl. of Taxes)

## 5. ICICI LOMBARD

**Existing Disease:** Waiting Period of 4 Years.

**Room Eligibility:** No Limit

**Co-Pay:** 0%

**Bonus:** 50% at renewal, 20% at no claim.

**Premium:** 12,218Rs/ Annually (Incl. of Taxes)

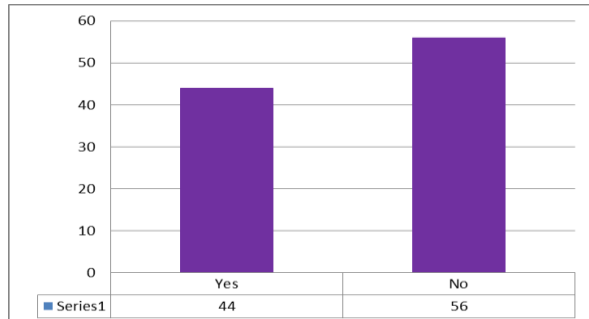
Max Bhupa Health Companion can be the best choice available premium and additional benefits wise, and with it there is no limit on the room rent. Existing disease coverage period is also less as compared to other health insurances.

## 4. DATA ANALYSIS & FINDINGS: SURVEY (PART-II)

### • Availability of Health Insurance.

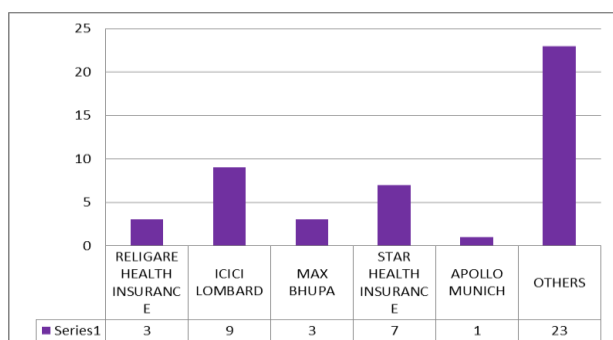
During the survey it was found that 44% people had insured themselves through health Insurance, while 56% did not have any policy. The reason behind such a big figure behind NO Insurance policy can be because majority of people were employed by a Government Sector so they were already provided by the Insurance through the Government and it felt sufficient for them.

Though there are some people who do not have proper knowledge about the Health Insurance and due to this they tend to shell out the money during the emergencies through their pocket.



### • Health Company's insurance possessed by Respondents.

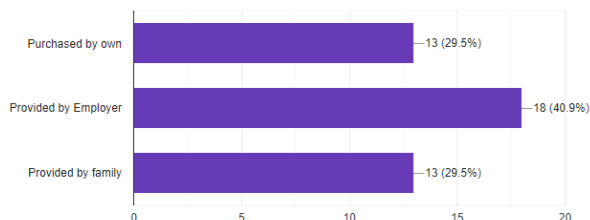
The reason behind others being the most of the preference is that the respondent who have selected the option are government employed, thus they feel no need of health insurance.



### • Health coverage policy provided by:-

As per research, it is found that in the private sector majority of the employer provide with the Health Insurance. Family floater plans can be concluded as it is purchased most commonly amongst the people who know about the importance about the health insurance.

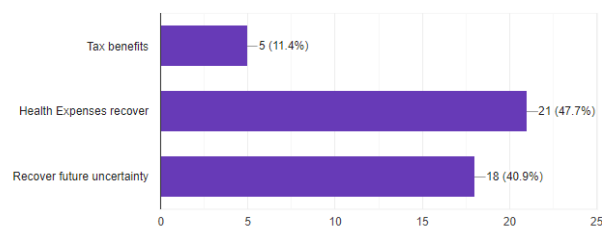
44 responses



### • Reason behind purchasing the health insurance policy.

Most of the people buy this policy due to its core advantage i.e. to recover the expenses. As day by day the medical expenses are increasing and also most of the customers prefer taking the policy for tax benefits.

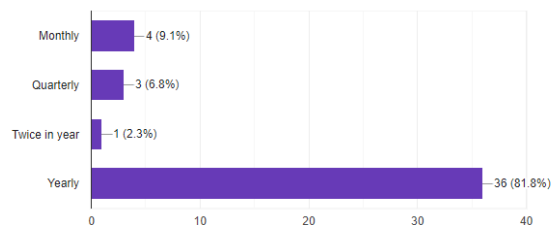
44 responses



### • Periodicity of paying Premium.

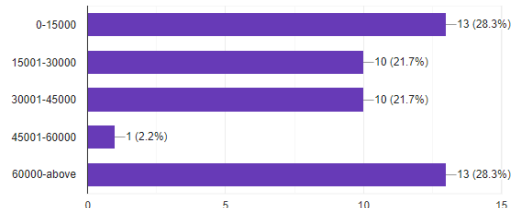
As per the survey it is found that annual payments method is preferred the most by the insurers. Though there are some who also tend to divide the premium burden by paying the monthly instalments.

44 responses



### • Monthly income of Respondents.

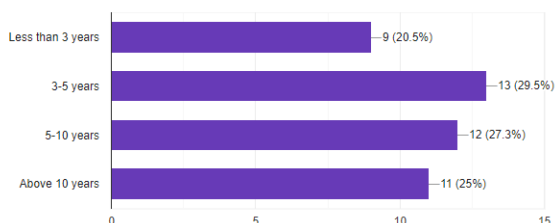
The above responses gathered is from the respondents who have insured themselves with the insurance. The people with monthly salary 60,000 and above mostly tend to purchase insurance with big premium as compared to the people with 0-45,000 salary per month.



## • Number of years insured yourself/family through insurance.

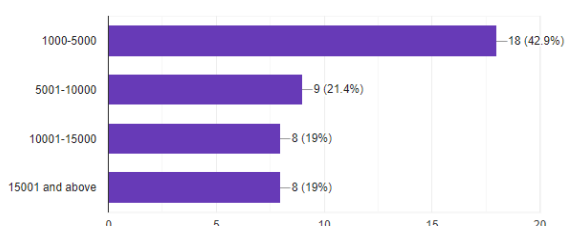
This shows the increase in the volume/premium/policy holders of the Health Insurance sectors from the past 5 years, as it is observed that most of the people have secured them or their family by opting to the health insurance. This shows that in the coming time there can be more increase in the health insurance due to its advantages after the awareness amongst the people.

44 responses



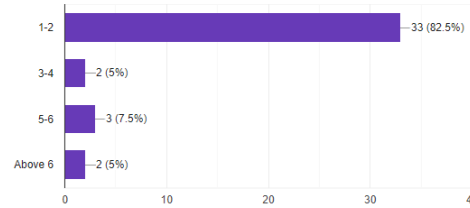
## • Premium paid by respondents.

As per the research data, the people with the premium ranging 1000-5000 are the people who have mostly opted to the ICICI Lombard health insurance plans as it offers the lowest premium for the individual plan as low as 3,595 Rs/Annually (Incl. of taxes).



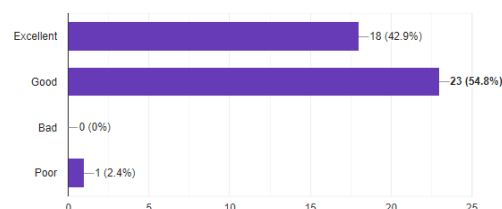
## • Number of times policy claimed.

Many have not claimed their policy, as it is always better to be safe than to risk that is what for which insurance is purchased. According to the figures many have also claimed their insurance at least 1 time during their policy tenure.



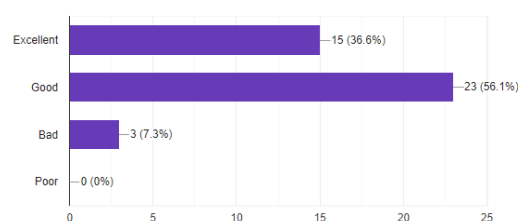
## • Satisfaction level with the services given by respondents existing company.

The results show that whoever has purchased the insurance is extremely satisfied with the services provided by their existing insurance providers. This can be the outcome of good explanation provided by the company about the purchased policy and plan or pre-existing knowledge about the Health Insurance.



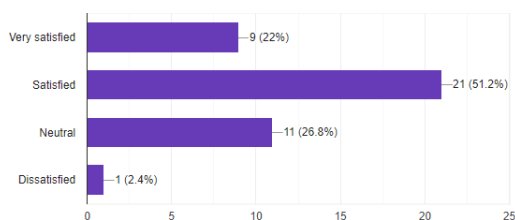
## • Satisfaction level with claims refunded by the respondents existing Insurance Company.

Most of the people are satisfied with the claim settlement by the company. This is possible because of the IRDA decision of making TPA for providing proper service to the insurance holder. IRDA also keeps a strict check on the companies activity related to the claim. Company usually tenders to attract the people to purchase insurance from their company by maintaining high claim settlement ratios.



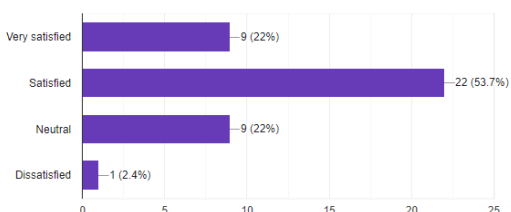
## • Satisfaction level with the complaint addressable system of the respondents existing Insurance Companies.

21% people are satisfied with the complaint addressable system offered by the selected 5 companies. These responses are also for the companies which are other than the above mentioned 5 company. The survey shows that still there are amount of respondents who are neutral about the complaint addressable system of the insurance companies this can be due to lack of knowledge how to raise the complaint.



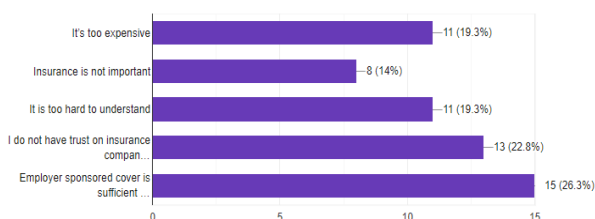
- Satisfaction level with the role of TPA of the existing insurance companies.**

TPA's are the people who act as a mediator between the insurer and the insured by initiating the process of the claims in the hospital. These people hold the authorised license by the IRDA to complete this duty. The study shows that people are satisfied with the role of TPA; they fill the gap between the policy holder and the company.



- Reason behind no health insurance purchased.**

The above responses were especially taken for the people who don't have their health insurance. The above study shows that most of the respondents were having the insurance by their employer, and they did not felt the need to purchase the same. 22% of people do not trust the company, this is due to unawareness or less importance given or showcased in the minds of people regarding the health insurance. They tend to pay all the expenses through their pocket sometime leading to improper medical treatment or avoiding high costing treatments.



## 4. CONCLUSIONS

The above research creates and awareness about the various aspects of health insurance companies and their plans in India. IRDA (Insurance Regulatory and Development Authority) reports depicts that health insurances is second largest insurance sector after motor insurance in India. The report also reveal that the total premium collected by both the private as well as public sector insurers have doubled in the last five years. Due to the increase in the technology and day to day expenses as well as raising costs of medical treatment the trend of getting health insured is increasing. IRDA's role in insurances framework is vital. Introduction to

the TPA by IRDA is a very formative step in health insurance sector. The study revealed in the research says that there are about 50% of people still not insured this is mostly due to unawareness towards the importance of health insurance. The communication gap between company and policy holder should get reduce. The companies should also include condition such as pregnancy, HIV AIDS in their plans. The study also shows that about 90% of poor people don't opt for health insurance due to high premiums. At last to conclude spreading the awareness of health insurance is very necessary seeing today's environment and culture, the companies, government bodies, and hospitals should all contribute to the same.

## REFERENCES

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