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An empirical study on customer satisfaction towards health insurance with reference to Erode District

P.Arulmurugan, S.Aravind

I MBA, Nandha Engineering College

ABSTRACT

Health insurance is one of the ways that people in various countries finance their medical needs. It is Estimated that out-of-pocket expenditure of over 15–20 % of total health expenditure or 40 % of Household net income of subsistence needs can lead to financial catastrophe. When people on low Incomes with no financial risk protection fall ill, they face a dilemma: they can use health services and suffer further impoverishment in paying for them, or they can forego services, remain ill, and risk being unable to work or function. Variation in financing and organization structures in various countries notwithstanding, there is now nearly a unanimous commitment to assuring universal access to medically necessary care in high-income Countries. Internationally, health insurance serves to improve service utilization and protect households against impoverishment from out-of-pocket expenditures. Analysis of how health insurance schemes function in a particular country, especially in relation to other funding aspects and health outcomes, can provide a glimpse of the performance of the whole healthcare system.

INTRODUCTION

Health insurance, which is coverage against the risk of incurring medical and related financial costs, is one of the ways that people in various countries pay for their medical needs. In every country, there are people who are unable to pay directly or out of pocket for the healthcare services they need, or financially they may be seriously disadvantaged by doing so. In lower-income countries, many forms of health insurance – whether public or private – cover only a minimum set of services, such that they do not provide full financial risk protection. The World Health Organization (WHO) estimates that out-of-pocket expenditure of over 15–20 % of total health expenditure or 40 % of household net income of subsistence needs can lead to financial catastrophe (Doetinchem et al.). When people on low incomes with no financial risk protection fall ill, they face a dilemma: they can use health services (if available) and suffer further impoverishment in paying for

them, or they can forego services, remain ill, and risk being unable to work or function.

STATEMENT OF THE PROBLEM

For every individual in India, health insurance has become a necessity. It provides risk coverage against expenditure which is caused by unforeseen medical emergencies. However, the awareness about health insurance is on the rise in urban India. Medical emergencies come unannounced. To get the best medical facilities without a financial burden we need a health insurance. Buying a health cover is no longer an option but has become a compulsion. Health insurance policy is well established in most countries but in India is remains an untapped market. The objective of every company would be ensuring level of satisfaction of consumer and to make loyal customers. So, Analysing the taste and preference of consumer is always a challenge. In the

Author for correspondence:

Department of Management Studies, Nandha Engineering College, Perundurai – 638052

competitive world each and every day the consumer preference may change towards the product. Hence an effort has been made to analyze the consumer satisfaction towards health insurance, factors affecting choice of health insurance and consumer awareness level towards health insurance.

OBJECTIVES OF THE STUDY

- ❖ To identify the demographic profile of respondents.
- ❖ To analyse the problems faced by the health insurance policy holders.

SCOPE OF THE STUDY

This study is confined with Erode district. Now a days there are many insurance companies both in public sectors as well as private sectors. They play major role in insuring every person's life. Our government is also insisting people to buy health insurance policies. The main scope of the study is to know about the awareness level, influencing factor and level of satisfaction of health insurance policyholders.

LIMITATIONS OF THE STUDY

- ❖ Many Respondents neglected to respond to the Survey in their Busy Schedule.
- ❖ Many Respondents found it difficult to Rank the Problems faced by them, as they are equally facing all the problems.

LITERATURE REVIEW

Yuan and Phillips examined the efficiency effect from the possible economies of scope across two formally separate sectors by estimating multi-product costs, revenue, and profit functions. To achieve the above stated objective of the study, a unique dataset that links the U.S. banking and insurance regulatory was constructed. The motive behind such construction was to identify newly formed domestic "assurbanks" (insurers owning banks), "banc assurers" (banks owning insurers), and all the unique subsidiaries licensed either as commercial banks, thrifts, or insurance companies.

The empirical evidence of the study suggested that a significant number of cost scope diseconomies; revenue scope economies; and weak profit scope economies exist in the post-GLB U.S. integrated banking and insurance sectors. The scope economies were variant among firms, and certain firm characteristics were the determinants of scope economies [1].

Eling and Luhnen conducted a study to provide an overview on frontier efficiency measurement in the insurance industry. The study conducted was mainly review based and involves a comprehensive survey of studies with a special emphasis on innovations and recent developments. Beside this, the study also involves the review of different econometric and mathematical programming approaches to efficiency measurement in insurance and discusses the choice of input and output factors. Furthermore, it categorized the 95 studies into 10 different areas of application and discusses selected results. The results of the study provided that there was a broad consensus with regard to the choice of methodology and input factors, the difference lies in case of in output measurement. The study concluded that there is significant need for future research with regard to analysis of organizational forms, market structure and risk management, especially in the international context [2].

"Public Health Foundation of India" (September 2002) in 'The times of India' commented that the setting up of the Public Health Foundation of India marks the coming together of interests that are inimical to public health. The Primary data has been collected from 500 consumers. Simple percentage analysis was used to analyse the data. The research concludes that the data is to be governed by technocrats/bureaucrats and nominated Non-Governmental Organisations is subjected to little or no accountability/scrutiny by the Indian polity [4].

Rajeev Ahuja (January 2003) made a study on "Community Monitoring of Rural Health Services" where the study states that India's National Rural Health Mission is making such accountability a reality through its community-based monitoring initiative. This article presents the first three rounds of data collected by village health committee members. Simple random sampling was

used to analyse the data. The obstacles encountered by the process and its strengths and limitations are also discussed [5].

B.Unnikrishan (December2012) in his study on “Health System Performance in Rural India Efficiency” across states attempted to analyse the performance of rural public health systems of 16 major states in India using the techniques from stochastic production frontier and panel data literature. 400 respondents were drawn to analyse the data. Correlation and Regression analysis was used to test the relationship between variables. The results show that not all states with better health indicators have efficient health systems [3].

RESEARCH METHODOLOGY

Research design

A Master plan that specifies the method and procedures for collecting and analysing needed information.

Sample design

Sampling is the process of selecting a sufficient number of elements from the population. A Sample Design is a definite plan for obtaining a sample from the sampling frame. It refers to the technique or the procedure the researcher would adopt in selecting some sampling units from which inferences about the population is drawn.

Non-probability sampling

Non-Probability sampling is a sampling technique where the samples are gathered in a process that does not give all the individuals in the population equal chances of being selected.

Convenience sampling

Convenience sampling (also known as Availability Sampling) is a specific type of non-probability sampling method that relies on data collection from population members who are conveniently available to participate in study.

Size of the sample

The Sample size is **50. (19 Female & 31 Male)**

DATA COLLECTION METHOD

Primary data

These are data which are collected for the first time directly by the Researcher for the Specific study undertaken by him. In this research primary data are collected directly from the Respondent by using Questionnaire cum Enumeration Method.

Secondary data

These are data which are already collected and used by someone preciously. The data's are collected from journals, magazines and websites.

STATISTICAL TOOLS USED

To analyse and interpret collected data the following simple percentage and ranking were used.

Simple percentage analysis

To analyse and interpret collected data the following simple percentage and ranking were used.

Formula

$$\text{Percentage} = \frac{\text{Number of respondents}}{\text{Total number of respondents}} \times 100$$

Henry garrett ranking

Garrett's ranking technique to find out the most significant factor which influences the respondents; Garrett's ranking technique was used. As per this method, respondents have been asked to assign the rank for all factors and the outcomes of such ranking have been converted into score value with the help of the following formula: Percent Position = $100 (R_{ij} - 0.5) / N_j$ Where R_{ij} = Rank given for the i^{th} variable by j^{th} respondents N_j = Number of variable ranked by j^{th} respondents.

DATA ANALYSIS

The Respondents participated in the research are from diversified background with gender, age group, marital status and educational qualification.

Table no 1: Demographic profile of the respondents

Details of the Respondents	No. of Respondents	Percentage	
Age	20 years to 30 years	28	56
	30 years to 40years	17	34
	40 years to 50 years	3	6
	60 years and above	2	4
	Total	50	100
Gender	Male	31	62
	Female	19	38
	Total	50	100
Marital Status	Married	28	56
	Unmarried	22	44
	Total	50	100
Educational Qualification	No Formal Education	3	6
	UG/PG degree	33	66
	Professional degree	8	16
	HSC/SSLC	6	12
	Total	50	100
Occupation	Employee	25	50
	Student	1	2
	Business	20	40
	Agriculture	4	8
	Total	50	100
	Monthly Income Level	Below Rs.20,000	27
Rs.20,000-Rs.30,000		11	22
Rs.30,000-Rs.40,000		7	14
Above Rs.40,000		5	10
Total		50	100
No of Earnings in your family	One	8	16
	Two	12	24
	Three	30	60
	Total	50	100

Interpretation

From this study it is evident that age group of the 56% of the respondents fall under the category of 20 – 30 years, 62% of the respondents fall under the gender group of Male, 66% of the respondents educational qualification is UG\PG degree, the

occupation of 50% of the respondents fall under the category of Others, the average monthly income of 54% of respondents falls under the category of below Rs.20000, 60% of the respondents have earning in family.

Table No 2: Rank of the influencing factors for choosing the health insurance

S.NO	Problems	Mean score	Total score	Rank
1	Coverage risk	167	334	4
2	Premium	150	450	3
3	Savings	119	595	1
4	Income tax	173	173	5
5	Medical background	138	552	2

Interpretation

From this study, it is found that from the table it is evident that, Saving is ranked No.1 with total score of 595, Medical background is ranked No.2 with total score of 552, Premium is ranked No.3 with total score of 450, Coverage risk is ranked No.4 with total score of 334, Income tax relief is ranked No.5 with total score of 173.

11. Income tax relief is ranked No.5 with total score of 173.

FINDINGS

1. From this study it is evident that age group of the 56% of the respondents fall under the category of 20 – 30 years
2. 62% of the respondents fall under the gender group of Male
3. 66% of the respondents educational qualification is UG\PG degree
4. The occupation of 50% of the respondents fall under the category of others.
5. The average monthly income of 54% of respondents falls under the category of below Rs.20000.
6. 60% of the respondents have earning in family.
7. Saving is ranked No.1 with total score of 595.
8. Medical background is ranked No.2 with total score of 552.
9. Premium is ranked No.3 with total score of 450.
10. Coverage risk is ranked No.4 with total score of 334.

SUGGESTIONS

- Most of the public has awareness towards health insurance but they didn't have interest to take an insurance policy.so they can be motivated by inculcating the importance of health insurance.
- Government can take some effective measures by bringing up low premium health insurance policies for the benefit.
- Awareness on the clarity of the disease covered by the policies must be given by respective insurance companies while taking the policy itself.
- Some corporate and government have taken up initiative in providing health insurance for the benefit of the employers. It is a welcome measures. But the same has to follow by other private and government companies for the benefits of their employees.
- Government companies should take measures to improve their customer support services and can shorten the claim settlement time.

CONCLUSION

Health care industry is mushrooming day by day due to advancements made in the medical sector. Health insurance companies play an

important role in imparting quality health and health care solutions. The augmenting number of benefits and the increasing need of these products have been responsible for privatization of health insurance, which has brought great changes in an insurance sector.

Health insurance is like a knife. Health insurance is going to develop rapidly in future. The main challenges is to see that it benefits the poor

and weak in terms of better coverage and health services at lower cost without negative aspects of cost increase and over use of producers and technology in provisions of health care. It is concluded that majority of the respondent have high awareness and satisfaction towards health insurance. In many of the case, the influencing factors are the most important that makes a consumer to take a policy.

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