

A Study of Customers Preference towards Health Insurance in Rural Area of Mandvi and Bardoli Taluka

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ABSTRACT

Health Insurance, like all other insurance, is to protect us against risks by pooling in resources. Health insurance policy covers medical expenses incurred during pre and post hospitalization stages. Health Insurance is an emerging social security instrument for the rural poor, for whom, chronic health problems, arising due to prevalence of diseases and inaccessibility to an affordable health care system is a major threat to their income earning capacity. In present study evaluating customer preferences in health insurance emphasizing study of public and private insurance companies. The objectives of the study to know the number of respondents who have taken health insurance policies from public and private insurance companies, to study the influence of various aspects on buying behavior of public and private health insurance companies.

Key words- Health Insurance, Preference, Medical expenses, awareness

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1. Introduction

Now a day's health care expenditure is consistently increasing, in this situation more money are required to paid hospital bill or expenses, most of the people use out of pocket for the health care expenses or in some cases also sell his or her personal assets. Low-income households are more vulnerable to risks and economic shocks. One way for the poor to protect their health is through insurance. By helping low-income households to manage their health risks, health-insurance can assist them to maintain a sense of financial confidence even in the phase of significant vulnerability. Insurance reduce a person's uncertainty concerning the time and amount of possible future expenses that may incur. There are various health insurance schemes such as social health insurance, private health insurance and so on. The basic principle is that people contribute a specified amount to an insurance fund which is used to finance health services.

Health Insurance policies insure against several illnesses and guarantee to stay financially secure should ever require treatment. They safeguard peace of mind, eliminate all worries about treatment expenses, and allow focusing energy on more important things, like getting better. Health is a major concern on everybody's mind these days. With sky rocketing medical expenses, the possibility of any illness leading to hospitalization or surgery is a constant source of anxiety unless the family has actively provided for funds to meet such an eventuality.

In health insurance, there are pre-payments and pooling. So people pay a small amount when they are healthy. This contribution is shared by many people and is used to meet the health care cost of enrolled members, when they need it. Health insurance operates in circumstances where people are risk-averse i.e. they prefer the certainty of insurance to the uncertainty of illness. They are then willing to pay a premium to cover the costs of a medical event. Health insurance is basically a tool to minimize the uncertainty:

- The uncertainty of illness
- The uncertainty of cost of treatment

It is true that, availability of improved health services to the poor is one of the important priorities before the Government. Since government means are limited, private sector involvement in providing health services to rural areas is necessary. However, private health care is costly and in majority of the cases it is beyond the means of the average rural household.

Under such circumstances, health insurance coverage of rural people can be a viable and vital means for getting health care services. In order to implement successfully health insurance coverage to the rural household, it is necessary to understand basic dynamics of consumer preferences, acceptability and pricing of health insurance products. Research and developments in insurance have been steadily carried out in order to understand the needs of customers.

2. Objectives of the study

The overall objective of the study is to know the factor affecting for Health Insurance. To attain this overall objective, the study aims at the following specific objectives:

1. To find out customers purpose for purchasing Health Insurance.
2. To know which company is preferable in health insurance business.
3. To know which age group people more prefer the HI.

3. Review of Literature

1. A study conducted by B.Anuradha(2013), “*Study On Factors Influencing Customers Towards Insurance Products*”, related with the factors influencing the customers to purchase the insurance products. An attempt has been made to study the customer buying preferences based on the source of information. The factors considered for the study are type of insurance company, media as source of information, factor influencing to purchase. Findings reveal that respondents less than 30 years are holding the life and health insurance policies in maximum. Internet, tax benefit and family members are some of the factors that have influenced the customers to purchase the insurance policy. The study has also found that the respondents, less than 30 years are holding both life and health insurance policy.
2. A study conducted by Arvind Shamrao Gaikwad and S. G. Vibhute (2013), “*A Study On Buying Behavior of Customers Towards Life Insurance In Kolhapur*”, this research has approached the problem with a view to understand the customer's opinion towards Life Insurance in Kolhapur. The study focuses on customers' buying behavior towards life insurance policy which is macro in nature and does not limit to a specific life insurance product neither it limits to a specific company.

3. P. Sridevi (2012), “A study of buying behaviour of consumers towards life insurance policies in Perambalur district”, in her study of this research work was focused over consumer’s perception on investment objectives of the study were to evaluate the factors underlying consumer perception towards investment in life insurance policies; and to compare the differences in consumer perception of male and female consumers.
4. Mr.Santhosha, May 2009. “Marketing of health insurance in rural area: A study with reference to Dakshina kannada and Udupi districts of Karnataka”. This study concentrates on the marketing strategies followed by private and public sector to penetrate the rural market. This study also discovers the attitude, and awareness level, of rural customers towards health insurance in Udupi and Dakshina Kannada Districts of Karnataka. In these areas there is no such study conducted by the any other researchers, or any other research organizations in specific. This study helps private and public health insurance companies to adopt effective marketing strategies to penetrate these markets.
5. Mr.Basabi Deb, February 2013 “Consumer Preference In Life Insurance – A Case Study Of Guwahati” The present study carried out projects on the specific parameters based on the purchasing decision of the consumers, the customer-orientated accessibility and promptness of services including more returns on investment, tax savings as well as life coverage, which tends to lead a company acquiring the top rank with a huge market share. The buying behavior of customers in respect of Life insurance products in general is initiated by number of factors viz. Psycho graphical, Economical, Social, Politico legal and Demographical. The list is not exhaustive but it is adequate to have the deep understanding of the factors influencing the decision. This paper analyzes & rates all the life insurance companies by analyzing certain variables, the client’s perception, purchase behavior & consumer’s awareness about the Life Insurance industry and to establish the factors affecting the choice of investors for choose a life insurance policy in Guwahati.

4. Research Methodology

The nature of the study is descriptive research. The study is mainly based on primary data. Primary data has been collected by in-terracing with various people, getting the questionnaires filled by them. The data was collected by means of questionnaire and was classified and analyzed carefully. Questionnaire is constructed so that the objectives are clear to the

respondents. In this research, the questionnaire was formed as a direct and structured one. The questions were mostly close-ended questions. Open-ended question has been used only for deriving suggestions from the respondents.

The method used for collecting requisite data is 'Convenience Sampling', which is a type of non-probability sampling technique.

5. Research Design

Research Design to Meet to Objective

- a) **Location:** Mandvi and Bardoli
- b) **Sampling Method:** Convincing sampling
- c) **Sample size:** 200 respondents
- d) **Instrument for Data Collection:** Structured Questionnaire

6. Tools and Techniques of Data Analysis

The Statistical Analysis carried out in the study is being done using MS-Excel and SPSS (Statistical Package for Social Science) Software. The Statistical techniques like: Chi-square test. Analysed & interpreted data have been presented in the form of tables, charts and figures.

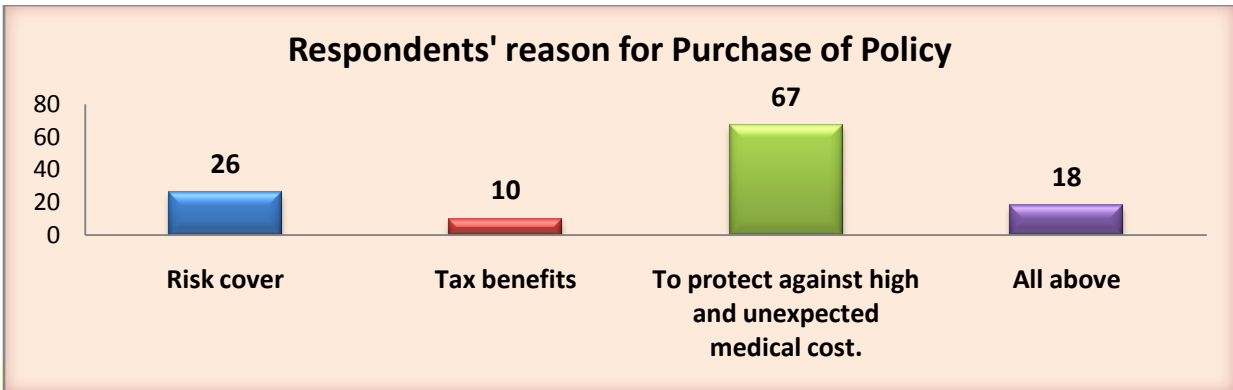
7. Data Analysis and Interpretation

Table: 1 Reason for Purchase Policy:

Purchase policy	N.O.R	%
Risk cover	26	21.5
Tax benefits	10	8.3
To protect against high and unexpected medical cost	67	55.4
All above	18	14.9
Total	121	100

Sources: Primary Data

Figure 1 Reason for purchase policy



Out of 121 policy holder, 21.5% purchase for risk cover, 8.3% for tax benefits while most purchase it to protect against high and unexpected medical cost and 14.9% purchase to all above reasons.

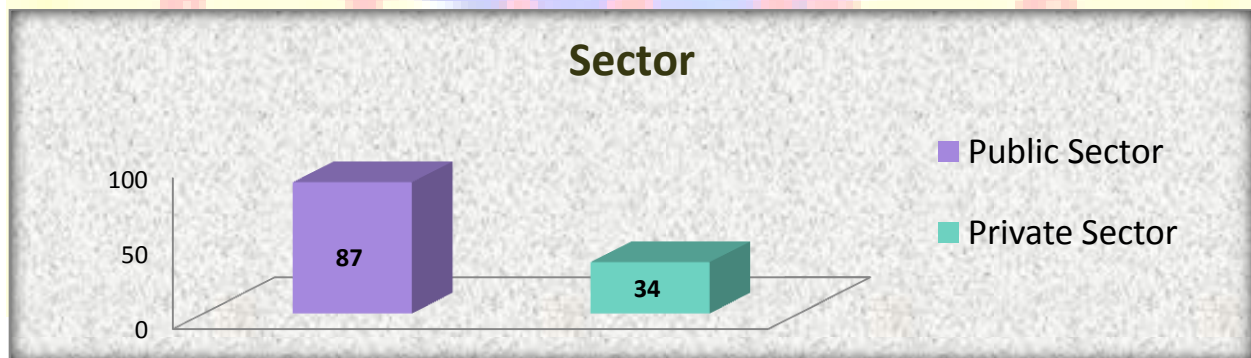
The above study shows that the basic purpose of most in purchasing health insurance is to be protected against high and unexpected medical cost.

Table: 2 Preference of public and private sector

Sector	N.O.R	%
Public Sector(Government)	86	71.1
Private Sector	35	28.9
Total	121	100

Sources: Primary Data

Figure 2 Sector Preference



Out of 200 respondents, 121 have a health insurance policy, among them 87 purchase from the public sector while 34 purchased from private sector.

This means that customers prefer public sector companies over private health insurance companies.

Table: 3 Public sector companies:

Public Sector company	N.O.R	%
New India Assurance Company Ltd	20	23.8
United India Insurance Company Ltd	16	19.0
National Insurance Company Ltd	2	2.4
Oriental Insurance Company Limited	38	45.2
Life Insurance Corporation of India (LIC)	08	9.5
Total	84	100.0

Figure: 3 Preferences of Public Sector Companies

From the survey, it is found that nearly 45.2% (38) respondents' choose the Oriental Insurance Company Limited, 23.8% (20) choose New India assurance Company, 19% (16) respondents' bought from United India Insurance Company Ltd and 9.5% (08) from Life Insurance Corporation of India. Only 2.4% (2) respondents' bought from National Insurance Company Ltd.

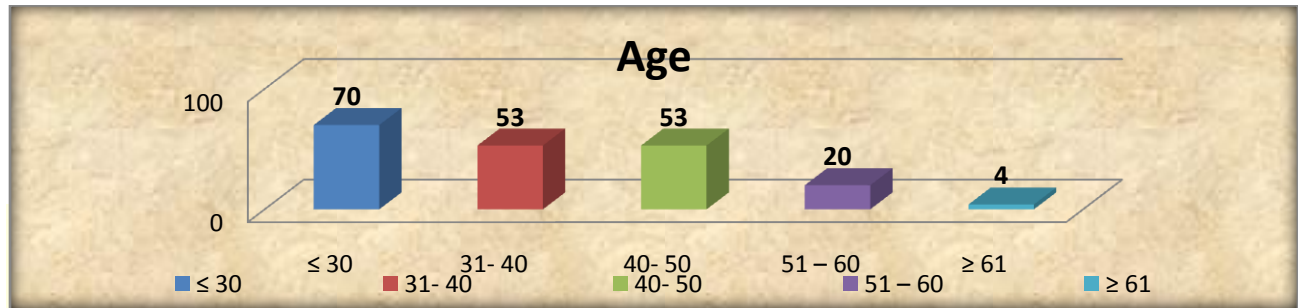
From the above study it is found that in public sector most respondents' prefer Oriental Insurance Company Ltd because of its being semi government, easy to claim and for its money safeguard value.

Table: 4 Age of respondents

Respondents Age	NOR	%
≤ 30	70	35
31- 40	53	26.5
40- 50	53	26.5
51 – 60	20	10

≥ 61	4	2
Total	200	100

Figure: 4 Respondents Age



Above data states that in this sample survey most of respondents are in the young and working group people have health insurance.

Chi-square Test (Between Age and Interest for HI)

H₀: Age group of the respondents’ does not play any role in purchase of health insurance.

H₁: Age group of the respondents’ does play a role in purchase of health insurance.

Table: 5 Result of Chi-square test

Calculate value	Table value	Degree of freedom	Level of significance
13.11	7.815	3	5%

Calculated value of chi-square is 13.11 greater than critical value 7.815 at 3 degree of freedom and 95% level of confidence .The calculated value is greater than the critical value, therefore the null hypothesis is rejected and alternative hypothesis is accepted.

Since the null hypothesis is rejected, it can be concluded that age group of respondents play a role for purchase health insurance

From the above analysis, it can be said that age group of respondents play a vital role for purchasing health insurance, which means that aged people give more preference to purchase health insurance policy.

8. Conclusion

1. Respondents' knowledge and confidence about health insurance is good. Further research indicates that awareness about the existence of health insurance is fine but preference is average.
2. The study shows that the respondents preference to public health insurance in comparison to private insurance companies because of quality as well as trust in public insurance companies.
3. Age of respondents plays a vital role in purchase of health insurance and aged people are found more interested in it.
4. Research indicates that there are clear possibilities for health insurance market in India; there are also possibilities for the public and private health insurance companies.

9. Suggestions

1. Health Insurance companies should apply new marketing strategies for their products.
2. It should offer higher insurance amount of health Insurance at lower premium for middle class and lower middle class of society.
3. It should increase the number of hospitals under coverage.
4. Companies should also focus on the customers of rural area.
5. It should also focus of policy for aged people.

10. Reference

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