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A Study of Factors Influencing Consumer's choice while purchasing Health Insurance Policy in India

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Abstract- Nature is volatile and ambiguous. The same is true of the life of a person in this unpredictable environment that is surrounded by threats and uncertainties. Any kind of misfortune can lead from minor to severe injury or even a person ending up losing his life.One of the most significant pre-requisites for human efficiency is good health, which in turn contributes to a society's overall growth. Health is understood as the essential foundation for defining the meaning of an individual well being. For a country, it is an important resource for pursuing national development objectives. With national and global health authorities increasingly emphasizing the need to keep the immune system strong throughout the outbreak of COVID-19, the world has gradually begun to prioritize health care.Although it is still necessary to have a clean diet and daily exercises to stay healthy during the current pandemic scenario, purchasing health insurance is one additional health measure that many people have taken.The point of this examination is to look at the variables affecting buying choices among individuals in India while picking a medical protection provider. Information was gathered through an organized survey filled by 170 respondents. The investigation of the information was finished utilizing factor analysis strategy based on those reactions. The discoveries of the investigation and suggestion are examined in this paper.

Keywords: Medical insurance, Healthcare, Pandemic , National development

I. INTRODUCTION

The life of a person and a family is typically peaceful unless there is some sort of health condition that is indecisive and can not be anticipated prior to its occurrence. Requirements such as the need to own a house or motor vehicle or some other social status tool or other leisure consumer durables can be delayed if there is a lack of savings and restricted sources of income for the family. This is not, however, applicable to unexpected medical commitments that require urgent cash flows and have a negative effect on the family's savings. Financial obligations on health grounds may definitely destroy a family's long-term financial aspirations, which could include kids education/higher studies or marriage and retirement plans, in addition to the above-mentioned wishes.

After theindependence, consideration was given to essential medical care and significant changes were seen. The historical backdrop of medical coverage in India began with a state protection strategy for laborersin 1948. It dispatched the coordinated area as an umbrella of federal retirement aide for common workers. It conveys medical care administrations through an organization of ESIS-impaned facilities and emergency clinics. OPD and IPD expenses and money motivations to cover the deficiency of pay and other clinical specifications are remembered for the insurance under ESIS. This plan is as yet in activity and financed fundamentally by businesses' and laborers' commitments. In 1954, an educational plan was additionally dispatched for "CGHS". Contingent upon their compensation reviews, the public authority of India and focal government representatives likewise contribute a symbolic sum each month, that is as yet working out in a good way. In 1986, the primary Indian Mediclaim plot was presented by the "General Insurance Corporation (GIC)" to smooth out the terms and states of health care coverage. It was a deliberate medical coverage game plan that took care of expenses for hospitalization with rejections like previous conditions, pregnancy, birth, HIV-AIDS, and so on In the Parliament of india, the "Insurance Regulatory and Development Authority (IRDA)" bill was presented. It is a milestone throughout the entire existence of medical coverage.

Left without a stone unturned, India's health insurance industry is gaining prominence. At the moment, health insurance is one of India's developing markets. Every day, numerous stakeholders of this ecosystem, such as private health insurance firms, IRDAI, and other organizations, flourish to come up with the best health insurance policy for every person. When it comes to medical insurance, Indians seem to be the most involved and dedicated clients. The purchasing of cashless health insurance online is a recent norm since the pandemic. Rising medical inflation, advances in medical sciences, pandemics, and essential diseases are responsible for this growing interest and understanding. Thus, substantial growth paths and prospects for businesses and consumers have emerged in the Indian health insurance industry.

In practise, under the tax-financed public sector, government health services are available to all residents. In fact, households are driven by bottlenecks in obtaining such facilities to seek private care, resulting in large out-of-pocket payments.

The various plans contain variety of factors like hospitalisation , family floater policies , past existing illness coverage, maternity benefits, hospital daily cash benefits , disease specific benefits , cashless treatment facilities,hassle free and smooth claim processes, no claim bonus , continuity benefits, claim settlement ratio , network hospitals , treatment cover outside India, room rent cap etc

Subsequently, this study seeks to examine the major factors which influence a consumer's choice while they select a health insurance policy based on the policy's various aspects and features. This would benefit insurance providers/companies by using these qualities in their advertising attributes to attract potential buyers.

II. LITERATURE REVIEW

Dr.Dipin Mathur, Mr. Ashish Tripathi(2014)made an analysis of the factors which lead to a customer selecting an Insurance company in Ajmer and found that online transactions, hassle free portal usage, bank connectivity, money transfer speed and efficiency , a systematic grievance process were some major factors and factors which are less important are marketing campaign , free gifts to customers , peer group recommendation.

An investigation by **K Swathi and R Anuradha (2017)** investigates the definition and benefits of medical coverage just as offering an outline of the Indian health care coverage industry. A rundown of the quantity of individuals covered by different plans, including government-supported, bunch protection, family protection, and individual strategies is appeared. Medical coverage strategies by area are portrayed, just as the quantity of individuals covered by open, private, and specific guarantors. The investigation suggests that the public authority actualize new health care coverage plans to serve the overall population. It is proposed that the Insurance Regularity and Development Authority (IRDA) find a way to advance rivalry among wellbeing guarantors utilizing existing assets among telecom specialist co-ops. It is additionally suggested that the public authority embrace mindfulness projects to instruct the majority of the benefits of purchasing health care coverage approaches.

Binny,Dr. Meenu Gupta(2017)directed an investigation about present patterns of medical coverage area in India. Development openings and difficulties in the area are distinguished. The investigation is of the assessment that health care coverage is a developing area in India. Organizations are needed to upgrade their business by presentation of new plans of action with inventive items. Need of an all inclusive health care coverage program is perceived to cover families underneath neediness line. Medical tourism is additionally a developing business in India and health care coverage organizations can exploit this area to improve business. The area is additionally encouraged to have a typical data bank for data sharing which may help clients in evaluation of costs, quality and administrations given by medical coverage organizations.

In an observational examination, **Goel(2014)**attempted to assess purchaser conduct in the Rohtak district.150 clients were met for this reason. Components affecting the purchase of health care coverage were discovered to be clinical consumption, tax gains , compulsory and different prerequisites. He likewise recognized the hindrances to membership of health care coverage to be absence of assets, middle people , availability and reliability. He likewise found that individuals liked or needed the general wellbeing back up plans to ensure their capital.

SatakshiChatterjee, Dr.ArunangshuGiri, Dr. S.N. Bandyopadhyay (2018) led an investigation that is clear and depicts different health care coverage items offered in India. It endeavors to investigate the protection models of medical services of chosen different nations too. Non blend among public and privately owned businesses is distinguished as a significant obstruction being developed of the medical coverage area in the country. Health care coverage is viewed as an unsaturated market in India and the center pay bunch for example the focused on populace of this industry will make a blast in health care coverage in years to come. It is assessed that general protection area will an incentive around USD 280 billion before the finish of 2020. The medical coverage area is needed to be made widespread regardless of the pay level and foundation of individual and a family.

BC Lakshmanna, P Jayarami Reddy, P Sravan Kumar (2019) led an examination on chosen general insurance agencies in regards to example of protection charge, guarantee settlement strategy and assess execution of organizations. In percentage investigation of the protection charge gathered by both public and private area insurance agencies showed a huge development from 13.55% to 24.29% during the years 2011 to 2013 which later diminished to 13.42% in the year 2018. Normal development rate during the years 2010 to 2018 was 13.85%. After the examination was directed it was seen that public area general protection suppliers required new and imaginative items to rival their private partners. IRDA, being an administrative authority of the area was recommended to figure standard approaches and benchmarks to be trailed by both public and private area players.

As per **Ranjan, Jayanthi, Bhatnagar, Vishal(2009)** the effective and automatedmanagement of client interactions is the need of today. The client services have assistedassociations to build the connection with clients. Association additionally needs to dissect the client information to uncover patterns in client conduct and comprehend the genuine estimation of their clients. Dissecting client connections from a lifetime point of view is basic for progress.

An investigation by **Suman Devi and Dr.Vazir Singh Nehra (2015)** portrays a portion of the new innovations in the medical coverage area, for example, health care coverage convenience, RashtriyaSwasthyaBimaYojna (RSBY), cross breed items and basic ailment cover. Issues related with the medical coverage are featured and plausible arrangements are given. Instances of Bajaj Allianz, Cholamandalam MS and Star Health are given that host dispensed with Third Get-together Administrators (TPAs) and have picked direct settlement of cases. According to consider, safety net providers presently have begun visiting emergency clinics to meet patients for claims in the classification of gathering protection. On the off chance that any flaw is discovered, arrangement restoration is halted. There are additionally pre-concurred rates for medical procedures and therapies which forestalls differential charging of duties. Different issues like high case pay-out proportion in open area safety net providers, unprofessionalism of TPAs, absence of advancement of medical coverage in country regions, wrong choice of health care coverage strategies, and absence of mindfulness about health care coverage arrangements are featured.

III. OBJECTIVE

The aim of the investigation is to do an examination of the components impacting buyer's choices while choosing a medical coverage plan in India based on the policy's various aspects and features.

This examination will additionally help the guarantor associations to incorporate these attributes to attract policy holders.

IV. RESEARCH METHODOLOGY

4.1Research Design

With the ultimate objective of this examination as a main priority, data was collected utilizing an overview, and fundamental data grouping was used. The nature of the study was descriptive, and an investigation was completed.

4.2Sample and Sample size

The study's sample included 170 people who were given survey questionnaire to fill out. The study was made up of people over the age of 20.

4.3Data collection and Analysis tool

In order to collect a primary data**,** an endeavor of planning of survey as an instrument was carried out.It acted as an instrument for the collection of data. The questions were segmented into 2 sections. First section served the purpose of gathering basic details of name,gender, age. The next section asked the respondents questions based on the insurance company attributes and asked them to rate the significance of those attributes on a likert scale scaling from 1(strongly disagree) to 5(strongly agree).

Data obtained from the survey was entered in a spreadsheet and factual examination was put through statistical analysis. Factor analysis technique was used to club similar factors and decide the major considerations which impact the consumer's decisions.

Microsoft Excel 2019 and IBM SPSS statistics version 21 have been the instrument utilized for the information investigation.

V. RESULTS AND DISCUSSION

The findings and discussion on the basis of 170 responses received are as follows :

5.1Profile Analysis

Parameter	Category	Frequency	Percentage(%)
Gender	**Male**	101	59.4
	Female	69	40.6
Age	**20-30**	55	32.35
	31-45	47	27.65
	46-60	65	38.24
	>60	3	1.76

Table 1: Profile Analysis

Choice of Sector

Out of 170 respondents, 116 preferred private companies while 54 preferred public insurance providers for subscribing to medical insurance plan.

Sector	Frequency	Percentage(%)
Public	54	31.76
Private	116	68.24

Table 2 : Choice of Sector

Opinion on having a health insurance plan at a young age

Out of 170 respondents, around 91% feel that one should have health insurance plan at an early age.

Necessary to have a healthcare plan at young age?	Frequency	Percentage(%)
Yes	155	91.2
No	15	8.8

Table 3 : Health care plan at young age

Covid scenario impact

Out of 170 respondents, around 70% feel that the pandemic scenario made them consider purchasing a new plan or updating an existing plan

Did covid scenario make you think of purchasing a plan or update an existing one?	Frequency	Percentage(%)
Yes	121	70.8
No	49	29.2

Table 4 : Covid scenario impact

5.2 Analysis of data using Factor analysis method

In order to have a satisfactory sampling measure the KMO(Kaiser Meyer Olkin) needs to be above 0.5. In our test it was 0.789 which indicates that the sampling for our analysis is satisfactory and there is a high correlation between pair of variables.

The null hypothesis is dismissed, and there is some association between variables and decision, according to Bartlett's Test of Sphericity, which yielded a significance of.000.

Merenda (1997, p. 158) stated on accountability of thumb rule "for the number of 'real' factors and components, the proportion [of variance accounted for] should be at least 0.50."Ourstudy generated a sum of the first six variables as 62.688% (which is 0.63 approx) of the overall variation which means 62.688 % of the variance is explained by top 6 factors.Lastly, the item loading cut off was set at 0.5.

According to the eigen value criteria the Factors possessing an Eigen value > 1 are included in the model.

So we can notice that the Eigen value has surpassed the value of 1.The motive behind carrying out the extraction was streamlining of decision making variables (i.e., from 19 to 6 factors involved).The level of variationfrom factor 1 to factor 6 is 13.552% , 11.519% , 10.923%, 10.516 % , 8.687% and 7.491% respectively.

Discussion of Factors

	Component					
	1	2	3	4	5	6
Peer group recommendation	.905					
Parents/Relatives recommendation	.809					
Social media reviews/feedback	.766					
Suggestion by agents	.763					
Sufficient network hospitals at convenient distance		.563				
Sufficient number of bank tie ups		.758				
Claim processes are smooth/hassle free			.584			
Convinient renewal system/clauses			.696			
Ease of porting/switching policy			.726			
Cashless treatment options			.607			
Continuity rewards				.586		
No claim bonus				.760		
Co payment option					.745	
Claim for treatment outside India					.582	
Tax benefits					.640	
Covers for family members						.761
Pre/Post hospitalisation reimbursement						.608
Personal accident cover						.704
Pre existing disease cover						.781

Extraction Method: Principal Component Analysis.

a. Rotation converged in 6 iterations.

Now we will discuss the 6 major factors that we got as a result of the above factor analysis :

VI. RECOMMENDATION/SUGGESTION ATTRIBUTES

The first factor that has been extracted is recommendation/suggestion factors. The parameters Peer group recommendation, Parents/Relatives recommendation, Social media reviews/feedback, Suggestion by agents combine to make Recommendation/Suggestion as the first factor.It contributes to variance of 13.552% .This suggests that a recommendation , suggestion , feedback plays a vital role in choosing a health insurance plan

Network/Connectivity factor

The second factor that has been extracted is Network/Connectivity factors. The parameters Sufficient network hospitals at convenient distance, Sufficient number of bank tie ups combine to make Network/Connectivity as the second factor.It contributes to variance of 11.519%. During the study it was discovered that customers prefer adequate number of hospitals to be tied up and at a convenient distance. The same expectation is with tie up of banks.

Convenience/Ease of services

The third factor that has been extracted is Convenience/Ease of services. The parameters Smooth/hassle free claim processes,Convenient Renewal system, Ease of porting/switching, Cashless treatment options combine to make Convenience/Ease of services as the third factor.It contributes to variance of 10.923%. Thus we found that convenient / hassle free and smooth process affect the decision making.

Reward/Bonus Factors

The fourth factor that has been extracted is Reward/Bonus. The parameters Continuity rewards, No claim bonus combine to make Reward/Bonus as the fourth factor. It contributes to variance of 10.516%. It was found that restoration on cover exhaustion /continuity reward and getting bonus added to cover on no claim was an important aspect in decision making.

Policy holder additional benefit attributes

The fifth factor that has been extracted is Policy holder additional benefits. The parameters Co payment option, claim for treatment outside India,Tax benefits combine to make Policy holder additional benefits as fifth factor. It contributes to variance of 8.687%.

Reimbursement/Cover Factors

The sixth factor that has been extracted is Reimbursement/Cover factor. The parameters Covers for family members, Pre/Post hospitalisation reimbursement, Personal accident cover, Pre existing disease treatment cover combine to make Reimbursement/Cover as fifth factor. It contributes to variance of 7.491%.

VII. CONCLUSION

Medical care protection is generally an unsaturated market in India. The significant objective populace is the center pay layers who offer the most encouraging future for this specific industry. It is acquiring significance at a steadier speed as individuals are understanding the significance of protection in the event of a lethal infection. With the expansion in populace and industrialisation, different infections are

springing up at a disturbing pace. Plagues are spreading on an astounding speed as the finding is occurring late. In country like India, a large portion of the expenses caused during hospitalisations are cash based consumption and subsequently, health care coverage arrangements could turn into a discovery for the average folks as the patients would not need quality clinical benefits on the grounds that the patient's family couldn't think of the treatment cost at the opportune time. The principle challenge right currently is to make medical services widespread to all independent of the foundation and pay level of the people as wellbeing is an essential item that each resident of India has a privilege to get.

The factor analysis was applied on 19 decision variables which were further summarized into 6 key factors that are Recommendation/Suggestion, Network/Connectivity , Convenience/Ease of services , Reward/Bonus Factors, Policy holder additional benefit attributes, Reimbursement/Cover Factors. As per the values of variances it can be deduced that first factor is more critical than the second one and so on hence the companies accordingly need to prioritise according to the factors taken into account by the customers.

Based on interactions with a few respondents , it was found that many policies do not have a clause for pregnancy cover. It is generally covered only in corporate policies so this problem could be addressed by the insurance companies . Also now a days very few hospitals are having cashless treatment facility due to lots of Government restriction as providing that facility is only possible by hospital having huge amounts of turnover. As a result only the big hospitals are offering cashless treatment facility.
Another observation that was made by the author was that not many youngsters realize the importance of having a health insurance at a young age. The lesser the age the lesser is the premium amount that one needs to pay but due to lack of awareness this information is not known to everybody.

Further it was found that different age groups have a different perception related to a certain product. One more thing that was found was there was lack of clarity in insurance policy clauses regarding no claim bonus. They do not clearly explain whether the bonus is added to your cover or you can claim it back. Exact information is only possible on speaking to policy agents.

The author would like to propose some future studies on dimensions and aspects which have not been taken into account in this study. An in depth examination can be conducted on the factors that make a policy holder to switch or port his policy from one company to other company or apply for a different insurance policy within the same company. A comparative study can be made between insurance products which are tied with corporates(available to employees through their private employers) and the general insurance products(private/public). Further investigations could be done on consumer's perceptions on private and public insurance providers. Also since we are currently in a pandemic scenario few studies can be carried out on how health insurance companies are restructuring their products and policies to make things easier for their customers.

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