

# CONSUMER'S PERCEPTION REGARDING HEALTH INSURANCE POLICIES IN KOLKATA, INDIA: AN EMPIRICAL STUDY

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**Abstract:** *The present study was attempted to know the consumer's perception regarding health insurance policies among the people of Kolkata, eastern India. This study was descriptive research. The study was mainly based on primary data and questionnaires-based survey among participants (385 nos.) of Kolkata. The Statistical techniques such as frequency distribution, reliability testing, and factor analysis were performed. The demographic-socioeconomic status of respondents indicated maximum frequency of about 63.6% for 31-40 years. In this study, more than half respondents (53.5%) were males and unmarried (53.0%) while maximum respondents (70.6%) were from nuclear type of family. Most of the participants were educated as higher secondary (HS) level (36.9%) followed by graduate (27.3%). Maximum participants were unemployed (42.3%) and annual income of INR <50,000 (62.1%). Regarding health insurance policy characteristics, maximum respondents had 1 policy (64.7%) and this policy was obtained from public company (58.4%), policy is important (46.8%), associated with insurer for 2-3 years (40.3%) and maximum were related to health insurance (46.0%) and they had 1 policy (79.0%). Regarding tax benefit, unexceptional risk, policy benefit through bonus and through premium amount and amount claim offered at the time of maturity, maximum respondents were none (46.5%, 49.6%, 50.4%, 45.5% and 47.0%). The Cronbach's alpha value was obtained 0.917. In conclusion, there was a positive sign among respondents to aware of health insurance. The identified factors were influenced to consumers in the selection of health insurance and a particular health insurance company. Still, some of the respondents did not say as none regarding these policy characteristics, which means lack of perception of health insurance policy. This may be due to lower age group, unemployment, unmarried and lower family income among participants.*

**Keywords:** Health insurance; Health benefits, Insurance policy, Consumer's perception

## 1. INTRODUCTION

The proverb rightly stated that "Health is Wealth" mentioned in an article by Panchal [1]. In the explanation to the establishment of the World Health Organization (WHO), health is described as "a state of complete physical, mental, and social well-being and not merely the absence of disease or infirmity" [1].

On the other hand, the term "health insurance", is well known as "Medical Insurance" or "Mediclaime", which is a type of insurance that covers all medical expenses risk [2]. In India, the awareness of health insurance has been grown. Basically, the health insurance under medical cover policy is a contract between an insurer and an insured person. This contract is renewable in a year. Health insurance policy

is to make sure that insured person obtains the necessary healthcare facilities and cure from any disorder [2].

It is important to gather regarding the knowledge of health insurance among insured persons. has been vast in the several years. In India, the health insurance market was predicted about INR 5,125 crores with a compounded yearly development time of 37% between 2002 and 2008 [2]. Whereas, the access of the health insurance market is reasonably small, it is one of the highest growing industries in India. Moreover, Indian health insurance market is enriching along with other countries in terms of access. Indian health insurance is one of the most fast-growing sectors in the Indian insurance sector. It was recorded that Indian health insurance has gross premiums increased by 16% from INR 13,212 crore in 2011-12 to INR 15,341 crore in 2012-13. The health insurance premium has enrolled a compounded yearly expansion rate (CAGR) of 32% for the past eight financial years [2].

In 2020, India developed 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 [3]. Many studies focused on bringing awareness about the health insurance in various parts of India. Madan and Pathak [4] studied about the service quality perception of customers about insurance companies in Delhi region. Ramamoorthy and Senthil Kumar [5] explored the growth of health insurance industry in India and to measure insurance parameters and buying behaviour through the insurers. Goel [6] investigated through an empirical study about participants' awareness, preference of types of health insurance policies and difficulties in subscribing the policy and wishing to take and pay the premium in Rohtak district of Haryana. Joshi and Shah [2] studied the awareness and perception towards various health insurance service providers and influence of various factors in buying insurance policies in Ahmedabad city. Narware [7] attempted similar studies in Gwalior city of Madhya Pradesh. Tripathy et al. [8] conducted an empirical study to evaluate the influence of demographic, socio, economic parameters to determine the awareness of the health insurance in Bhubaneswar city of Odisha. Gajula and Dhanavanthan, [3] explored a study regarding the information about health insurance to assess the individuals' awareness, willingness to join and pay for various premiums of policies. They also examined the problems of consumers in subscribing the health insurance policies. Ganguly et al. [9] studied the awareness level and sources of awareness about health insurance, and to find out the level of satisfaction of customers. They indicated main source of awareness about health insurances are from friends, relatives and colleagues, the main reason for choosing health insurance policy was covered the risk of illness. Most of the participants were found satisfied with health insurance.

However, there is no evidence of studies conducted to know regarding perception of health insurance policies in the participants of Kolkata. The present study was attempted to know the consumer's perception regarding health insurance policies among the people of Kolkata, eastern India.

## 2. MATERIALS AND METHODS

This study was descriptive research. The study was mainly based on primary data and questionnaires-based survey among participants (385 nos.) of Kolkata. The data were collected by in-terracing with various people, getting the filled by them. The 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. The method used for collecting requisite data is “Convenience Sampling”, which is a type of non-probability sampling technique as per earlier study by Panchal [1].

Data analysis was performed by using SPSS tool (version 20). The Statistical techniques such as frequency distribution, reliability testing, and factor analysis were performed. p-value <0.05 was considered as significant.

## 3. RESULTS

### Demographic-socioeconomic status of respondents

Table 1 describes distribution (%) of demographic-socioeconomic status of respondents. For age group, maximum frequency of about 63.6% for 31-40 years. In this study, more than half respondents (53.5%) were males and unmarried (53.0%). Maximum respondents (70.6%) were from nuclear type of family. Most of the participants were educated as higher secondary (HS) level (36.9%) followed by graduate (27.3%). Maximum participants were unemployed (42.3%) and annual income of INR <50,000 (62.1%).

**Table 1: Distribution of demographic-socioeconomic status of respondents**

Demographic-socioeconomic status		Frequency	Percent
Age (Years)	<=30	69	17.9
	31-40	245	63.6
	41-50	62	16.1
	>50	9	2.3
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Gender	Female	206	53.5
	Male	179	46.5
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Marital status	Married	181	47.0

	Single	204	53.0
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Type of family	Joint	113	29.4
	Nuclear	272	70.6
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Educational qualifications	PG	59	15.3
	G	105	27.3
	HS	142	36.9
	Madhyamik	40	10.4
	Illiterate	36	9.4
	Vocational	3	0.8
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Occupation	SP	81	21.0
	Unemployed	163	42.3
	Self	76	19.7
	Housewife	65	16.9
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Income per year (INR)	<50,000	239	62.1
	51,000-100,000	93	24.2
	>100,000	53	13.8
	<b>Total</b>	<b>385</b>	<b>100.0</b>

### Health insurance policy characteristics among respondents

Table 2 describes distribution (%) of health insurance policy characteristics among respondents.

Maximum respondents had 1 policy (64.7%) and this policy was obtained from public company (58.4%). Majority of respondents answered policy is important (46.8%). The maximum respondents were associated with insurer for 2-3 years (40.3%) and maximum were related to health insurance (46.0%) and they had 1 policy (79.0%). Majority of respondents were paid policy by them (37.7%) followed by government (35.1%). The insurance was covered maximum for outdoor hospital facility (38.4%) and the monthly premium was  $\leq 10000$  INR (71.7%). Maximum participants were answered extremely easy (39.7%) followed by uneasy (38.2%) regarding access of the network hospitals. Regarding claim, maximum respondents reported uneasy (46.2%) followed by extremely easy (38.2%). Satisfaction regarding facilities of insurer, maximum respondents were observed satisfied (46.5%). Policy features based on claim coverage, maximum respondents were satisfied (46.5%) followed by none (42.3%). Regarding tax benefit, unexceptional risk, policy benefit through bonus and through premium amount and amount claim offered at the time of maturity, maximum respondents were none (46.5%, 49.6%, 50.4%, 45.5% and 47.0%) followed by satisfied (40.8%, 35.6%, 37.1%, 42.6% and

39.5%). Regarding trust of insurer and policy benefit through family production, maximum respondents were observed satisfied (43.1% and 46.5%) followed by none (40.8% and 39.7%).

**Table 2: Distribution of health insurance policy characteristics among respondents**

<b>Policy characteristics</b>		<b>Frequency</b>	<b>Percent</b>
Do you have 1 policy?	Yes	249	64.7
	No	136	35.3
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Company type	Public	225	58.4
	Private	160	41.6
	<b>Total</b>	<b>385</b>	<b>100.0</b>
How important do you consider 1 to be?	Extremely Unimportant	14	3.6
	Unimportant	18	4.7
	None	79	20.5
	Important	180	46.8
	Extremely Important	94	24.4
	<b>Total</b>	<b>385</b>	<b>100.0</b>
How long have you been associated with your current insurance provider?	<1	69	17.9
	1-2	73	19.0
	2-3	155	40.3
	3-4	57	14.8
	>4	31	8.1
	<b>Total</b>	<b>385</b>	<b>100.0</b>
What is your preferred option to get information on your 1?	Health insurance	177	46.0
	Online	76	19.7
	Advertisement	40	10.4
	Call	25	6.5
	Others	67	17.4
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Do you plan to purchase 1 more 1 policy?	One	304	79.0
	Two	15	3.9
	Three	33	8.6
	Four	19	4.9
	>4	14	3.6
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Who pays for your 1?	Yourself	145	37.7
	Employer	31	8.1
	Government	135	35.1
	Specify please	74	19.2
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Which of these is covered in your 1 plan?	Outdoor	148	38.4
	Indoor and outdoor	113	29.4
	Doctors Visit	90	23.4
	Pregnancy and childbirth	12	3.1
	Mental health	22	5.7
	<b>Total</b>	<b>385</b>	<b>100.0</b>

How much your monthly premium?	<=10000	276	71.7
	10001-20000	74	19.2
	20001-30000	15	3.9
	>30000	20	5.2
	<b>Total</b>	<b>385</b>	<b>100.0</b>
How easily can you access the network hospitals included in your coverage?	Extremely Easy	153	39.7
	Easy	42	10.9
	Uneasy	147	38.2
	None	43	11.2
	<b>Total</b>	<b>385</b>	<b>100.0</b>
With your current coverage, how 1 is it to file a claim?	Extremely Easy	147	38.2
	Easy	38	9.9
	Uneasy	178	46.2
	None	22	5.7
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Satisfaction regarding facilities of insurer	Extremely Unsatisfied	8	2.1
	Unsatisfied	17	4.4
	None	155	40.3
	Satisfied	179	46.5
	Extremely Satisfied	26	6.8
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Policy features based on claim coverage	Extremely Unsatisfied	8	2.1
	Unsatisfied	22	5.7
	None	163	42.3
	Satisfied	168	43.6
	Extremely Satisfied	24	6.2
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Policy features based on tax benefit	Extremely Unsatisfied	7	1.8
	Unsatisfied	16	4.2
	None	179	46.5
	Satisfied	157	40.8
	Extremely Satisfied	26	6.8
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Policy features based on unexceptional risk	Extremely Unsatisfied	10	2.6
	Unsatisfied	23	6.0
	None	191	49.6
	Satisfied	137	35.6
	Extremely Satisfied	24	6.2
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Policy features based on trust of insurer	Extremely Unsatisfied	11	2.9
	Unsatisfied	17	4.4
	None	157	40.8

	Satisfied	166	43.1
	Extremely Satisfied	34	8.8
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Policy benefit through bonus	Extremely Unsatisfied	12	3.1
	Unsatisfied	15	3.9
	None	194	50.4
	Satisfied	143	37.1
	Extremely Satisfied	21	5.5
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Policy benefit through premium amount	Extremely Unsatisfied	7	1.8
	Unsatisfied	16	4.2
	None	175	45.5
	Satisfied	164	42.6
	Extremely Satisfied	23	6.0
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Amount claim offered at the time of maturity	Extremely Unsatisfied	8	2.1
	Unsatisfied	16	4.2
	None	181	47.0
	Satisfied	152	39.5
	Extremely Satisfied	28	7.3
	<b>Total</b>	<b>385</b>	<b>100.0</b>
Policy benefit through family production	Extremely Unsatisfied	8	2.1
	Unsatisfied	17	4.4
	None	153	39.7
	Satisfied	179	46.5
	Extremely Satisfied	28	7.3
	<b>Total</b>	<b>385</b>	<b>100.0</b>

### Reliability test

Table 3 evaluates that overall reliability testing on health insurance policy characteristics through Cronbach's alpha value, which was obtained 0.917 which is more 0.6. So, data were observed reliable.

**Table 3: Overall reliability testing on health insurance policy characteristics**

Cronbach's Alpha	N of Items
.917	9

### Factor analysis

Table 4 evaluates that Factor analysis through KMO and Bartlett's test on health insurance policy characteristics, the sample adequacy was obtained 0.918 with a significant level of  $P < 0.001$ , which is more 0.6. So, data were observed reliable.

**Table 4: KMO and Bartlett's test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		.918
Bartlett's Test of Sphericity	Approx. Chi-Square	1999.326
	df	36
	Sig.	0.000

### Exploratory factor extraction model

Table 5 evaluates exploratory factor extraction model by using Principal component analysis technique on the Varimax rotation method was employed to find out health insurance policy among 9 variables. The determination of factors was based on "Eigenvalues", which was represented the amount of variance associated with the factors. Among 9 variables, 1 variable was 5.149.

**Table 5: Principal component analysis**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.419	60.211	60.211	5.419	60.211	60.211
2	.688	7.642	67.853			
3	.630	7.005	74.858			
4	.564	6.265	81.122			
5	.433	4.814	85.936			
6	.426	4.736	90.673			
7	.337	3.749	94.422			
8	.256	2.842	97.264			
9	.246	2.736	100.000			



#### 4. DISCUSSION

The purpose of a health insurance policy is to ensure that the covered individual receives the appropriate treatment [10]. In the present study, majority of participants were satisfied with different types of health insurance policy characteristics with better perception to take policy. Ezhilarasi and Kumar [11] reported that a variety of factors influenced consumers' decisions to acquire online insurance goods, and that customer are completely happy with the online insurance products supplied by insurers. Tripathy et al. [8] observed "lack of awareness factors", "lack of availability and accessibility factors", "speed in claim settlement factors", "dissatisfied with the service factor", and "lack of reliability and comprehensive coverage factor" solely responsible for consumer's perception. In the present study, some of the respondents did not say as none regarding these policy characteristics, which means lack of perception of health insurance policy. Gajula and Dhanavanthan [3] revealed that maximum number of consumers were aware about the health insurance (72.9%) and approximately half of them (48.3%) were expected for good/quality health packages over the many expectations with various sources of information, which comparatively lower in our study. Moreover. It was recorded that awareness is based on demographic and socioeconomic profiles, which is supported the present study. In recent study, Reshmi et al. [12] mentioned that any intervention, policy or programme that directly or indirectly affects awareness of health insurance. In the present study, the Bartlett's test in the questionnaire was highly statistically significant ( $P < 0.001$ ) indicating a meaningful relationship between the items, which is supported by Tripathy et al. [8].

#### 5. CONCLUSION

It is concluded that in the present study a positive sign among respondents were noticed to aware of health insurance. The identified factors were influenced to consumers in the selection of health insurance and a particular health insurance company. Still, some of the respondents did not say as none regarding these policy characteristics, which means lack of perception of health insurance policy. This may be due to lower age group, unemployment, unmarried and lower family income among participants.

#### Conflict of interest

Authors declare none.

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