CUSTOMER AWARENESS TOWARDS HEALTH INSURANCE WITH SPECIAL REFERENCE TO BHUBANESWAR CITY

[1] Dr. P. Tripathy [2] Mr. S.S. Kanungo [3] Mr. Satyajit Roy

[1] Lecturer, School of Information and Computer Sciences, Ravenshaw University, Cuttack – 753003, Ph – 9776083760, Email id – priyaimba.tripathy@gmail.com

[2] Lecturer, School of Information and Computer Sciences, Ravenshaw University, Cuttack – 753003, Ph – 9937641647, Email id – sailajasankar123@gmail.com

[3] Research Scholar, Ravenshaw University, Cuttack – 753003, Ph – 9776975993, Email Id – satyajitimba.roy@gmail.com

Abstract

Growing demand for modern medical care, brought on by a rapidly, expanding population, rising literacy levels, and technological advancement lead to high expectation from the health services. This has shifted demand in favour of health care. Good Health confers on a person or groups' freedom from illness - and the ability to realize one's potential. Health is therefore best understood as the indispensable basis for defining a person's sense of well being. Health insurance is an insurance against the risk of incurring medical expenses among individuals. Health insurance remains vastly under-developed in India. An analysis of financing of hospitalization shows that large proportion of people borrows money or sells assets to pay for hospitalization. Majority of Indians are more vulnerable to major ailments. Marketing of health insurance policies become paramount important to help people to meet out the untoward expenses arising out of unexpected ailments. It will be a win-win situation for public and companies of increasing the penetration of health insurance products to its fullest potential. The benefit of health insurance has to be extended to the excluded population too. Clearly there is an urgent need to expand the health insurance net in India. In such a situation it is essential to understand the consumers how far they are interested in buying health insurance, consumers perception is to be recorded, it is essential to limit the out-of-pocket expenses of the consumers, and suggest and bring an awareness to the consumers how health insurance would help in reducing their financial burden during hospitalization. The percentage of India's national budget allocated to the health sector remains one of the lowest in the world, and healthcare expenditures are largely out-of-pocket (OOP). Currently, efforts are being made to expand health insurance coverage as one means of addressing health disparity and reducing

catastrophic health costs. Identification of six key topics demand more in-depth research, among others: (1) public awareness and understanding of insurance; (2) misunderstanding of insurance and how this influences health care utilization; (3) differences in behavior patterns in cash and cashless insurance systems; (4) impact of insurance on quality of care and doctor-patient relations; (5) (mis)trust in health insurance schemes; and (6) health insurance coverage of chronic illnesses, rehabilitation and OOP expenses. This paper identifies the determinants of awareness of health insurance in Odisha. The present study was carried out in Bhubaneswar city of Odisha. Since the main objective of the study was to analyze determinants of awareness of the health insurance, we concentrated on the variables like the Age, Education, Gender, Occupation, Income, type of the family, and Health expenditure etc. Using pretested structured questionnaire, the primary data have been collected purposively, by covering the wide range of demographic, economic and social factors, from the randomly chosen two hundred respondents from the study area. Simple statistical tools such as descriptive statistics and along with factor analysis to identify the factors determining the awareness of the health insurance.

Keywords: Health Insurance, Insurance, Awareness

Introduction

Health insurance is probably the most important benefit that employers provide to their employees. For workers, employer-provided health coverage gives them some security about their own and their family's health in a way that is typically more affordable than individual insurance. For employers, offering health coverage is often a necessary compensation form to remain competitive in the marketplace. Health insurance is insurance that covers the whole or a part of the risk of a person incurring medical expenses, spreading the risk over a large number of persons. By estimating the overall risk of health care and health system expenses over the risk pool, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to provide the money to pay for the health care benefits specified in the insurance agreement.

Literature Review

Consumers with documented low-to-moderate levels of financial, health, and health insurance literacy will be challenged to make health insurance purchases (Cude, 2005; Huston, 2010; Lusardi, 2008; National Association of Insurance Commissioners, 2010; Tennyson, 2011). There is an urgent need to help consumers understand health insurance and to help optimize decision making for their particular situation during open enrollment periods.

The National Institutes of Health, Institute on Medicine, released an ACA focused report on how to help consumers understand and use health insurance. Navigators and in-person counselors will be funded to reach and enroll consumers. However, they may not have sufficient expertise or time to put health insurance purchases into a broader personal and family perspective and educate consumers about health insurance (Centers for Medicare & Medicaid Services, 2013; Patel et al., 2013).

Methodology of Research

Data Collection Method

Secondary source data were collected from text books, past researches, newspapers, journals, dictionaries, encyclopedias, and world-wide-web pages. Data for the study were collected via a structured questionnaire survey administered to customers of smart city Bhubaneswar. In addition, preliminary qualitative data were gathered from a series of customer exit interviews conducted at five locations. Insights gathered from this preliminary study helped to direct construction of the main survey instrument, and to provide greater depth of information on the key research issues addressed. This combination of survey and interview methods provided a multi-method approach to examine the research hypotheses and propositions. Primary source data were collected from questionnaire survey. Exit interviews were conducted with shoppers in all five cities to gain qualitative insights into customers' perception and preference about the value and awareness of health insurance products in the customers. The questionnaire for this study was developed based upon concepts, theories and past research informations.

Scale Development

Historically, two formats - one proposed by Likert (1932) and one proposed by Thurstone (1928) have been most commonly used. As the two most popular procedures, Likert and Thurstone methods have often been compared (Roberts, Laughlin &We-dell, 1999; Ferguson, 1941) and a summary of their strengths and weaknesses has found that the Likert method tends to be more reliable and can efficiently produce reliable scores using fewer items (Seiler &Hough, 1970). For these reasons, and, undoubtedly, because it requires fewer steps to develop scales, Likert is an extremely common perception and preference measurement format, and, consequently, is the accepted scale chosen for this study. In our experience, the Likert-type structure for measurement is ubiquitous and the predominate approach.

Spector (1992) identified four characteristics that make a scale a summated rating scale as follows: First, a scale must contain multiple items. The use of summated in the name implies that multiple items will be combined or summed. Second, each individual item must measure something that has an underlying, quantitative measurement continuum. In other words, it measures a property of something that can vary quantitatively rather than qualitatively.

Table 3.1: Table of Likert's Scale

5.00	Strongly Agree
4.00	Somewhat Agree
3.00	Neutral
2.00	Somewhat Disagree
1.00	Strongly Disagree

The present research used secondary and primary sources of data. Consumer data was collected using structured questionnaire. Population under study is limited to the city of Bhubaneswar. A sample size of 200 consumers are taken. Collected data has been coded, tabulated and analyzed using the statistical package, SPSS. Statistical tools used for data analysis include Chronbach Alpha for reliability of research instrument and Factor Analysis.

Limitations of the Study

Limitations are common for studies based on sample survey methods. The present study also faced problems due to some external factors which could not be controlled. The following limitations may be noted:

a) Though effort has been made to ensure correctness of data collected, it is possible that some of the respondents would not have provided accurate data.

b) The data collection was spread over a period covering several months and it is possible that introduction of new schemes into the market and personal reasons could have caused some changes in the attitude of people towards health insurance coverage.

c) Though effort has been made to include all relevant factors in the model, it is possible that some factors are missed out.

Objectives Of The Study

To assess the individual awareness about Health Insurance.

To know the factors related to Health Insurance.

Significance of Research

This research work was to study the level of awareness of consumers about health insurance concept and market, consumer perceptions about health insurance providers, schemes and various factors that influence buying decision of health insurance. There is need to bring entire age group – high risk and low risk under health insurance cover. Widening the cover of health insurance calls for indepth understanding of consumer thinking and extensive marketing efforts based on that. Hence the study of consumer perceptions and the impact of different contributing factors on consumer purchase decision assume significance to the marketer. Understanding the consumer thinking on health insurance will also be of relevance to governmental/non governmental agencies, as affordable health care to all is a policy objective of the government and new schemes are being launched in this area.

Data Analysis and Findings

This chapter covers the statistical analysis on customer awareness towards health insurance with special reference to Bhubaneswar city.

Factor Analysis

170 replies were used to conduct a factor analysis. Barlett's test of sphericity and Kaiser-Meyer-Olkin (KMO) tests are two statistical tests that determine suitability of data for factor analysis. Bartlett's test of sphericity tests the null hypothesis that no relationships exist between any of the variables (items) (Nunnaly & Bernstein, 1994c). If the Chi square test is significant, it means there are discoverable relationships in the data and there is at least one factor. (Ferguson & Cox, 1993; Nunnaly & Bernstein, 1994c). If it is not found to be significant, the matrix should not be factor analyzed (Karpe, 2005; Pett, Lackey, & Sullivan, 2003a). The Bartlett's test in the questionnaire was highly statistically significant indicating a meaningful relationship between the items. Therefore, the null hypothesis (no relationships existed between any of items) was rejected. Kaiser-Meyer-Olkin's (KMO) measure of sampling adequacy is useful for evaluating factorability (Worthington & Whittaker, 2006). The KMO compares the magnitudes of the correlation coefficients to the magnitudes of the partial correlation coefficients (Pett et al., 2003a). It indicates the extent to which a correlation matrix actually contains factors or chance correlations between a small subset of items (Worthington & Whittaker, 2006). The KMO measure can range between 0 and 1 (Pett et al., 2003a). A value of .60 and higher is required for good factor analysis (Worthington & Whittaker, 2006). Above .90 is "marvelous", .80 is

"meritorious", .70 is "just middling", and less than .60 is "mediocre", or "unacceptable" values. The statistical tool used for this research work is factor analysis which has been elaborated here. Factor analysis is a statistical method used to describe variability among observed, correlated variables in terms of a potentially lower number of unobserved variables called factors. Factor analysis is commonly used in the fields of psychology and education and is considered the method of choice for interpreting self-reporting questionnaires. Exploratory factor analysis was used to find out the factors that affect the awareness of health insurance policies by the customer. Cronbach's alpha is a measure of internal consistency, that is, how closely related a set of items are as a group. Cronbach's alpha is not a statistical test-it is a coefficient or reliability i.e., consistency. 26 numbers of items have been inducted to scale and test the reliability. The Cronbach's Alpha value is 0.784. The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis to proceed. Bartlett's test is another indication of the strength of the relationship among variables. This tests the null hypothesis that the correlation matrix is an identity matrix. From the same table we can see that the Bartlett's test of sphericity is significant. That is, its associated probability is less than 0.05.

Table 1: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.784
Bartlett's Test of Sphericity	Approx. Chi-Square	2225.832
	df	325
	Sig.	.000

Eigenvalue actually reflects the number of extracted factors whose sum should be equal to number of items which are subjected to factor analysis. The next item shows all the factors extractable from the analysis along with their eigenvalues. The Eigenvalue table has been divided into three sub-sections, i.e. Initial Eigen Values, Extracted Sums of Squared Loadings and Rotation of Sums of Squared Loadings. For analysis and interpretation purpose we are only concerned with Extracted Sums of Squared Loadings. The total variance explained in Table 2 shows all the factors extractable from the analysis along with their eigen values, the percent of

variance attributable to each other, and the cumulative variance of the factor and the previous factors.

Here one should note that notice that the first factor accounts for 22.401% of the variance, the second 13.993%, the third 11.983%, the fourth one 5.659%, the fifth one 5.227% and the sixth one 4.942%. All the remaining factors are not significant (Table 2).

Table 2: Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.824	22.401	22.401	5.824	22.401	22.401
2	3.638	13.993	36.395	3.638	13.993	36.395
3	3.115	11.983	48.377	3.115	11.983	48.377
4	1.471	5.659	54.036	1.471	5.659	54.036
5	1.359	5.227	59.263	1.359	5.227	59.263
6	1.285	4.942	64.205	1.285	4.942	64.205
7	.983	3.783	67.988			
8	.934	3.594	71.582			
9	.890	3.423	75.005			
10	.745	2.867	77.872			
11	.731	2.812	80.684			
12	.688	2.647	83.331			
13	.579	2.227	85.558			
14	.489	1.882	87.440			
15	.466	1.793	89.234			
16	.430	1.654	90.888			
17	.348	1.338	92.227			
18	.321	1.235	93.462			
19	.307	1.180	94.641			
20	.286	1.098	95.740			
21	.246	.945	96.685			
22	.221	.850	97.535			
23	.216	.832	98.366			

24	.186	.716	99.083			
25	.141	.543	99.626			
26	.097	.374	100.000			

Extraction Method: Principal Component Analysis.

From the Table 2, 6 factors have been extracted. The idea of rotation is to reduce the number of factors on which the variables under investigation have high loadings. Rotation does not actually change anything but makes the interpretation of the analysis easier. Rotated component matrix provides sufficient evidence that all the variables can be segregated into six factors. Table 3 depicts the derived factors which are explained as follows.

After deducting the dimensions, the six factors which have been extracted are narrated hereby.

Table 3: Rotated Component Matrix[a]

	Component					
	1	2	3	4	5	6
VAR00006	.883					
VAR00007	.845					
VAR00010	.820					
VAR00005	.798					
VAR00009	.787					
VAR00008	.778					
VAR00004	.711					

VAR00016		.739				
VAR00015		.687				
VAR00014		.681				
VAR00020		.654				
VAR00017		.609				
VAR00026			.880			
VAR00025			.801			
VAR00024			.739			
VAR00023			.677			
VAR00012				.771		
VAR00011				.629		
VAR00013				.615		
VAR00018				.549		
VAR00019				.528		
VAR00002					.730	

VAR00001					.672	
VAR00003					.635	
VAR00021						.866
VAR00022						.728

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 8 iterations.

F1: While observing the results, variables like not aware of companies, not aware of benefits, not aware of schemes, not aware of the general cost, not aware of the health insurance claim procedure, no one suggested and don't like to buy have loadings of 0.883, 0.845, 0.820, 0.798, 0.787, 0.778 and 0.711 on factor F1 respectively. Therefore, this factor can be interpreted as "lack of awareness factors". This factor is by far the most important one explaining 22.401% of the total variance.

F2: As it is clear from Table 3, statements like no proper response to queries and clarifications, not easy to obtain, linked hospitals not easily accessible, no immediate responses by the hospital authorities immediately and difficulty in availing services in hospitals have loadings of 0.739, 0.687, 0.681, 0.654 and 0.609 represented by factor F2. It accounts for 13.993% of the total variance and has been named as "lack of availability and accessibility factors".

F3: Table 3 indicates four statements, namely, contacts by the agents after issuing the policy, company's attitude in settling claims, agent's attitude in guiding the claim settlement and development officer's attitude in helping the policy holder at the time of making claims has loadings of 0.880, 0.801, 0.739 and 0.677. The factor F3 has been interpreted and named as "speed in claim settlement factors". This factor estimated to explain 11.983% of the total variance.

F4: The pattern of factor loading for interpreting consists of 5 factors namely tax benefit, security, easy renewal, premiums charges are reasonable and no hidden cost involved has the

loadings of 0.771, 0.629, 0.615, 0.549 and 0.528. So, this variable comes under the heading of "lack of funds to meet costly affair" and it is explaining 5.659% of total variance.

F5: The pattern of factor loading for interpreting factor 5 variables like difficulty to approach insurance agents, behavior of insurance agents was not satisfactory and inadequacy of knowledge on the part of insurance agents has the loadings of 0.730, 0.672 and 0.635, so; this variable comes under the heading of "dissatisfied with the service factor".

F6: Table 3 indicates two statements, namely, lack of comprehensive coverage and lack of reliability and flexibility has loadings of 0.866 and 0.728. The factor F6 has been interpreted and named as "lack of reliability and comprehensive coverage factor". This factor estimated to explain 4.942% of the total variance.

Conclusion and Suggestions

The competitive climate in the Indian insurance market has changed dramatically over the last one decade. At the same time, changes have been taking place in the government regulations and technology. The expectation of customers is also changing. The existing General Insurance companies have to introduce many new products in the market which have competitive advantage over the products of Private Insurance. The Private Insurance companies have introduced some new innovative services to attract the customers by offering more bonus facilities and attractive services.

It is high time that strategies were chalked out so as to tackle customer service issues before it is too late. The General Insurance sector is expanding and big international players are entering into the arena. The New Private Insurance Companies are consolidating themselves and innovating new methods of customer delight. Among all human relations in service-oriented industry, which is the vital force to run or ruin any organization. Instead of confrontational attitude, it is wise for both to understand each other to the maximum possible extent so as to establish a permanent soothing relationship. This is possible only when both understand their duties.

On the basis of the research undertaken, the following recommendations can be made:

1) The General Insurance Companies in the study area should concentrate towards young and middle aged customers and establish a good relationship by providing an attractive service. Since the young respondents' relationship with the insurance can be longer due to their age factor,

simultaneously the middle aged respondents create a good relationship properly whenever they approach to avail their services in the selected General Insurance Companies.

2) The respondents have received the detailed information of the General Insurance through their advertisement and company agents / officers. Hence, it is suggested that the General Insurance companies may give a wide service in the customers and maintain the attractive advertisement through television (local channel), wall painting and radio (F.M). By doing so, more number of people may be aware of the services and utilize the service of General Insurance.

3) The General Insurance companies, should gives the proper intimation of the renewal of policies and giving proper response of company officials and agents for avoid making false promises and misleading information to the customers in terms of premium amounts, due date and bonus facility.

4) Even though insurance companies have customer service sections and grievance redressal officers, they have not got the desired attention. These sections were created mainly due to the fact that the formalities are to be complied with as per the guidelines of Government of India instructions. These sections have to be rejuvenated and given due importance.

5) Number of policies: It is highly recommended that the Company has to devise plans to increase the number of policies in case of personal accident and Personal accident schemes in order to spread the schemes to the target customers at the expected rate.

6) Premium Growth: It is also highly recommended that the Company has to devise the strategies to increase the premium growth rate over the target growth rate in case of Personal accident and Workmen's compensation schemes, since the actual growth was not significant.

7) The Target achievement rate was not significant in case of medical and Personal accident schemes and there was poor rate in case of Personal Accident and Workmen's compensation schemes. Therefore, the company has to concentrate on this in the future years.

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