QUALITY OF HEALTH INSURANCE AND CUSTOMER RETENTION

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ABSTRACT

Health insurance is insurance against the risk of incurring medical expenses among individuals. Estimation of overall risk of health care and health system expenses, among the interested groups can help an insurance company towards developing a consolidated expenditure and income structure, which includes monthly premium or payroll tax, to ensure that sufficient cash is available to pay for the health care benefits specified in the insurance agreement. Even though Health Day is celebrated on 7th April every year, majority of individuals are unaware of health insurance benefits. The effectiveness of the schemes depends on the awareness and utilization of these schemes by the general public.

Despite having several health insurance plans, by both the Government and private parties, there is still lack of penetration of health insurance in India, particularly in a densely populated state like Tamil Nadu. Elite people of the society could afford expensive medical treatment, whereas the middle and low income groups suffer a lot due to certain health problems, which require heavy medical expenses. For the successful implementation of health insurance coverage and to get higher market share, it is necessary to understand basic dynamics of policy holders' awareness, preference, perception, satisfaction, quality of health insurance services in TamilNadu. No individual should be deprived of at least the standard type of health care, and thereby patient and his family are protected from a financial disaster. The mode of payment can be simplified and more affordable in the form of yearly premium, especially in case of serious medical illness and it helps to eliminate sickness as a cause of poverty in India.

INTORDUCTION

Trends in Quality of Health Insurance

Health insurance companies provide finance to the insured in the case of loss of health and disability, so that people not only can take appropriate treatment but also maintain the dependents during the time of sickness or disability, by the cover and benefits provided by the insurer. The Per-Capita Insurance, during 2015-16, was 0.17 for the State of Tamilnadu, which was comparatively lesser than the collective average of southern states of India. The total population of Tamil Nadu was 7,21,38,958 but the insurance density was found to be Rs. 1194 Ministry of Home Affairs, Census. These figures revealed that penetration of health insurance coverage is comparatively lower in Tamil Nadu. Low penetration could be the result of lack of awareness towards health insurance, socio-demographic factors and various other factors. Hence

the proposed research study is intended to analyse the awareness level, perception level, factors influencing health policy subscription, quality of health insurance service and intention to stay with the same particular company.

Review of Literature

A paper by Mathur et al., (2015), entitled "*Understanding Perception and Factors Influencing Private Voluntary Health Insurance Policy Subscription in the Lucknow region*", critically analyzed the socio-economic factors, individual's health insurance product perception and influence of individual personality traits on subscribing health insurance plans. For assessing the relationship between variables, T-test and F-test were used. The study found that socio-economic factors, individual's product perception and personality traits showed a significant impact on individuals' decision to subscribe for private voluntary health insurance plans. "*Awareness of Health Insurance and its related issues in rural areas of Jamnagar District*", a research paper by Mahesh (2013), examined the awareness about health insurance and its source of information and to know the reason for opting for health insurance. The study also examined the determinants of awareness of health insurance. Percentage was calculated to explore the level of awareness about health insurance. Chi-Square test was applied to check the association between determinants and awareness of health insurance. From the total 400 respondents, it was found that significant association were noticed between awareness and education, gender, occupation and socio-economic class. In the paper, "*Vulnerability of Indian Health Insurance Industry to Frauds*", by Chavali et al. (2015), assessed the perception of respondents about frauds and measures to curtail frauds in health insurance in India. The results of ANOVA and Factor analysis indicated that insurance companies, agents and brokers come under the purview of the regulator Insurance Regulatory Development Authority but hospitals, doctors and providers of health services are not covered by its net. Survey revealed that intermediate fraud and policy holders' fraud were the predominant ones. A research paper on "*The Measurement of Service Quality by Using SERVQUAL and Quality Gap Model*", by Siami & Gorji (2011), determined the status of service quality, based on service quality gap model and five gaps of service quality in the insurance industry. Using Spearman and Pearson Correlation method, the study evidenced that reliability component was the most important and tangible dimensions were the least important factors in service quality insurance. "*Policyholders' awareness and factors influencing purchase decision towards health insurance in Coimbatore City*", an article by Anandalakshmy & Brinda (2017), examined the source of awareness about health insurance policies and the factors influencing the purchase decision of customers in purchasing health insurance policy and its impact on the level of satisfaction experienced by the policy holders. The study was conducted in Coimbatore City, with 100 respondents, through convenient random sampling method. The results of Percentage, Chi-Square and ANOVA indicated that majority of the respondents knew about health insurance through agents. Coverage of life risk was the most influential factor to take purchase decision. "*Awareness and Willingness to pay for Health Insurance: A Study of Darjeeling District*", by Ghosh (2013), assessed the awareness level of people and the reasons for not subscribing to the health insurance. The study was conducted in some selected villages in Darjeeling District and 200 questionnaires were collected. The results of Multiple Regression revealed low level of awareness and lack of willingness to join and pay for health insurance scheme. Mulupi, et al., (2013), in the article, "*Community perceptions of health insurance and their preferred design features implications for the design of universal health coverage reforms in Kenya*", explored the understanding and perception of health

insurance and their preferred design features of health insurance. The results of descriptive statistics revealed that there was higher awareness of health insurance schemes but limited knowledge on functions of health insurance. *"Factors Influencing Health Knowledge and Behaviours among the elderly in rural China",* a paper by Zhifei et al., (2016) explored and determined the conditions and factors of health knowledge and behaviours that affected the elderly in rural China. Stratified random sampling method was used. Chi-Square, ANOVA, Multiple Linear Regression methods were used to analyze the factors, affecting the health knowledge and behaviour of the elderly. The results of the study revealed that lack of health knowledge and poor health behaviour were the common factors among the elderly in the sample areas of rural China.

Objectives of the study

The main objectives are,

1. Studying the distribution of the respondents with respect to their demographic, socio-economic and health insurance profile.
2. Analyzing the differences in the demographic/socio-economic and health policy profile of the respondents towards various parameters of health insurance.
3. Examining the impact of quality of health insurance, awareness level, perception level of the respondents towards their intention to stay.

The study is instrumental for understanding the requirement for service quality improvement by the insurance companies, to increase the subscription and intention of customer to stay within the same health policy provider. The study also helps the regulatory body of insurance, to develop necessary strategies, for improving the service quality of health insurance companies.

Service Quality

SERVQUAL is a multidimensional research instrument, designed to capture consumer expectations and perception of a service, along five dimensions that are believed to represent service quality. SERVQUAL questionnaire was first published in 1988 by a team of academic researchers, A. Parasuraman, Valarie Zeithaml and Leonard L. Berry, to measure quality in the service sector. Five dimensions of service quality proposed by the above researchers are,

1. Reliability
2. Tangibility
3. Responsiveness
4. Empathy
5. Assurance

1. Reliability (dependable and accurate performance): The ability to perform the promised service dependably and accurately.
2. Tangibility (appearance of physical elements): The appearance of physical facilities, equipment, personnel and communication materials.
3. Assurance (Credibility, security, competence, and courtesy): The knowledge and courtesy of employees and their ability to convey trust and confidence.
4. Empathy (easy access, good communications, and customer understanding): The provision of caring, individualized attention to customer.
5. Responsiveness (promptness and helpfulness): the willingness to help customers and to provide prompt service.

A free market allows the customers, the freedom to switch over to other health insurance provider, which in turn, stimulates health insurers to compete, by offering health care of high quality and good service at competitively priced health insurance products. If a consumer decides to change health insurer, they should ideally choose the best or the cheapest health insurer, thereby enhancing the efficiency of the health care system.

For the overall aim of competition to be achieved, it is important that some individuals, who are dissatisfied with their health insurer or who believe they can find a better health insurer, should be switch to another health insurer. The insurance company also needs money, from those who stay, to accomplish improvement in their service. Switching cost, transaction cost, time, efforts, direct financial cost of enrolment etc., are to be noted, in order to find relevant information, on alternative insurers. Besides, the quality of the service of the new insurer and concerns about continued coverage of preexisting conditions is a question mark. All these barriers may discourage people from switching health insurer.

For the successful implementation of health insurance coverage and to get higher market share, it is necessary to understand basic dynamics of policy holders' awareness level, preference, perception, satisfaction and quality of health insurance services in India.

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