



A LITERATURE REVIEW ON CUSTOMER PERCEPTION TOWARDS PRIVATE HEALTH INSURANCE IN INDIA

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ABSTRACT: This study helps us to find out the customer perception and customer knowledge about private health insurance. The Knowledge of Best offer and Policy will be helpful to Customer and those who are willing to buy private health insurance will be able to choose best policy. The Entry of Foreign Players in Private Insurance has opened up Market for extensive opportunities. Premiums and Policy Selection decision will be easy from this study.

KEYWORDS: Customer Perception, Premium and Policyholders, Claims, Private Health Insurance,

1. INTRODUCTION

A lack of awareness or comprehension regarding the advantages and scope of private health insurance can result in unfavourable perceptions. These perceptions may be influenced by the transparency of policy details, the efficiency of claim procedures, and the extent of coverage. The way insurance providers uphold their commitments during claim settlements and deliver high-quality healthcare services significantly impacts customers' perceptions. The reputation, company history, and financial stability also play a pivotal role in shaping how customers view private health insurance.

Perceptions toward private health insurance are often influenced by the perceived value for money. Customers evaluate whether the premiums are justified by the coverage and benefits offered. The inclusion of quality healthcare providers in the insurance network is considered, and perception is affected by the accessibility, proximity, and quality of the hospitals or clinics covered by the insurance. Positive influences on customer perception include flexibility in policy features, additional options, and customization possibilities based on individual needs.

The communication of an insurance company's offerings, benefits, and customer support can significantly impact perception. Customer experiences, particularly during emergencies or the claims process, have a substantial impact on shaping their perception. Cultural beliefs and societal attitudes towards insurance, healthcare, and risk mitigation also contribute to shaping these perceptions.

Recognizing these factors allows insurance companies in Karnataka to tailor their offerings and services to better align with the needs and expectations of customers. Ongoing research, surveys, and customer feedback are crucial in continuously improving and adapting to evolving customer perceptions and preferences in the realm of private health insurance in India.

1.1 LITERATURES RELATING TO HEALTH INSURANCE SECTOR IN INDIA

The health insurance sector in India has undergone significant developments and transformations, influenced by various factors such as economic growth, regulatory changes, and evolving consumer needs. A literature review on the health insurance sector in India reveals several key themes. The health insurance sector in India has witnessed substantial growth and evolution over the years. Researchers highlight the sector's journey from its nascent stages to becoming a vital component of the broader financial services industry (**Reddy et al., 2011**).

The regulatory framework, particularly the role of the Insurance Regulatory and Development Authority of India (**IRDAI**), has been a subject of scholarly investigation. Studies explore the impact of regulatory changes on the health insurance sector and how these changes have influenced market dynamics (Sen et al., 2014). Researchers have identified and analyzed the challenges faced by the health insurance sector in India. Common challenges include low awareness levels, poor healthcare infrastructure in rural areas, and issues related to claim settlement procedures (**Vellakkal, 2009; Vellakkal & Ebrahim, 2013**). Simultaneously, opportunities arising from the increasing purchasing power of the population and the growing demand for healthcare services are explored (**Burns et al., 2014**).

The literature often delves into the dynamics between public and private health insurance providers. Some studies assess the market share and performance of government-backed insurance schemes compared to private players (**Thomas & Vel, 2011**). Understanding consumer behavior and preferences is a key focus of many studies. Researchers examine the factors influencing individuals' decisions to purchase health insurance, including socio-economic status, awareness levels, and perceived benefits (**Yellaiah, 2013**). With the advent of technology, studies explore its impact on the health insurance sector. The use of digital platforms, online services, and mobile applications for policy management and customer engagement is a subject of interest (**Ahmed, 2013**).

Some scholars investigate the implications of private health insurance on health disparities and equity. Critics argue that market-oriented principles may lead to greater health disparities and rising costs for the less affluent, challenging national health equity goals (**Selvaraj & Karan, 2012**). Comparative studies between the health insurance systems in India and those in other countries contribute to the literature. These studies provide insights into best practices, potential areas for improvement, and lessons that can be learned from global experiences. Researchers often conclude their reviews with insights into future trends and prospects for the health insurance sector in India. Anticipated developments may include increased penetration, innovative product offerings, and greater collaboration between public and private entities (**Gupta, 2006**). In summary, the literature on the health insurance sector in India reflects a multifaceted exploration of its history, challenges, regulatory environment, consumer behavior, and future prospects. The dynamic nature of the sector ensures that ongoing research will continue to shed light on its complexities and opportunities.

1.2 LITERATURES RELATING TO CONSUMER AWARENESS TOWARDS PRIVATE HEALTH PRODUCTS

Factors such as social and economic status, including religion and educational background (**Choudhary et al., 2013; Reshmi et al., 2007**), age, income level, marital status, and work status (**Gurunathan and Mohanasundari, 2010**), play a crucial role in generating awareness of health insurance products. Gender is also recognized as a variable, with women exhibiting lower awareness of health insurance products compared to their male counterparts (**Vanithamani, 2013**). The place of residence contributes to differences in awareness levels, with rural households being less informed about health insurance products than their urban counterparts. Regional disparities in awareness exist, with states like Haryana, Rajasthan, Karnataka, rural areas of Bihar, Himachal Pradesh, Jharkhand, Meghalaya, and Sikkim ranking lower in the awareness pyramid of Indian states (**Sharma, 2011**).

Information asymmetry poses a challenge to low customer awareness, particularly in rural India, where people are less informed about the nature and coverage provided by various health insurance plans, leading to unforeseen health shocks in the future. The information provided to customers tends to be overly technical and confusing (Wroblewsky, 2007).

Customer satisfaction is the collective outcome of perception, appraisal, and psychological reactions to the consumption experience with a product or service (Garg, 2013). The individual's level of awareness significantly influences customer satisfaction (Hemlatha M., 2016). Satisfaction with health insurance policies also depends on the type of policy and insurer. Policyholders of private insurance companies express higher satisfaction than policyholders of public limited companies (Vijay & Krishnaveni, 2018). Customers seek adequate information on product details, proposal form contents, claim settlement procedures, and services to make informed decisions (Subhedar, 2002; Jawahalal, 2003; Bharath, 2005). Claim settlement is a critical factor influencing the satisfaction of insurance customers (Kuhlemeyer and Allen, 1999; Chuganee, 2002; Joseph & Anderson, 2003; Shah, 2003; Rao, 2005). Various determinant factors for customer retention include innovative products, competitive prices, prompt services from company employees, responsiveness, tangibility, and reliability of services offered (Jaya, 2017). Health insurance companies should focus on product development and innovation to cater to the needs of both new and existing customers (Aggarwal et al., 2013).

1.3 LITERATURES ON UNDERSTANDING THE FACTORS INFLUENCING CUSTOMERS PERCEPTION TOWARDS INSURANCE PRODUCTS

Sahu et al. (2009) conducted a survey involving 150 respondents to identify the factors influencing consumers' purchasing behavior, investment patterns in life insurance services, and to compare the perceptions of male and female consumers. Their findings revealed six factors affecting the buying behavior of life insurance policies: consumer loyalty, service quality, ease of procedures, satisfaction level, company image, and company-client relationship. The study observed no significant difference in the preferences between male and female consumers.

In Manuel's study (2013) focusing on Kottayam City, he employed an exploratory research design, surveying 50 respondents from various age groups. The study aimed to comprehend consumer perceptions of life insurance policies, highlighting attributes influencing decision-making, such as return on investment, company reputation, premium outflow, service quality, and product quality. The majority of respondents fell within the 19-28 age group, with males constituting 74% of the market. The dominant income group ranged from 5001-10000, and LIC held the major market share.

Yadav and Tiwari (2012) limited their study to Jabalpur district, Madhya Pradesh, with a sample size of 150 policyholders selected through stratified and purposive sampling. Their investigation sought to identify factors influencing customer investment decisions in life insurance policies, considering demographic factors, customer preferences, and the ranking of factors affecting the selection of life insurance as an investment option. The study revealed that age, gender, and income level influenced customer investment decisions. Company reputation, money-back guarantee, risk coverage, low premium, and easy access to agents were ranked as the most influential features in policyholders' purchase decisions. The study suggested that the goodwill of the company significantly influenced policy-buying decisions, with a majority of respondents preferring money-back policies. In Kaur and Negi's study (2010) conducted in Chandigarh, factor analysis was employed to identify major factors affecting customer satisfaction. The study revealed that customised and timely service, brand Unique Selling Proposition (USP), considerate employees, and price immunity were significant factors influencing customer satisfaction. The study also noted a higher life coverage under insurance for males compared to females, and similar satisfaction levels were observed between public and private sector insurance companies.

1.4 LITERATURES ON CONSUMER PERCEPTION OF SERVICE QUALITY OF PRIVATE HEALTH INSURANCE IN INDIA

The literature on the perception of consumers regarding the service quality of private health insurance in India provides valuable insights into various aspects of consumer experiences, expectations, and challenges within the sector. Researchers often explore the dimensions of service quality in the context of private health insurance. Common dimensions include reliability, responsiveness, assurance, empathy, and tangibles (**Parasuraman, Zeithaml, & Berry, 1988**). Studies delve into how these dimensions are perceived by consumers and their impact on overall satisfaction.

Consumer satisfaction is a central theme in the literature, with studies seeking to understand the factors influencing consumers' satisfaction with private health insurance services. Research may investigate the correlation between perceived service quality and overall customer satisfaction (**Garg, 2013**). Studies explore the expectations consumers have regarding service quality in the private health insurance sector. Expectations may be influenced by factors such as policy details, claim procedures, coverage comprehensiveness, and the credibility of insurance providers (**Sharma, 2011**). Some researchers highlight the challenge of information asymmetry in the health insurance market. Consumers, especially in rural areas, may lack awareness and understanding of the nature and coverage of various health insurance plans, impacting their perceptions and decisions (**Wroblewsky, 2007**).

Literature identifies various factors that shape consumers' perceptions of private health insurance. These include socio-economic status, cultural beliefs, regional differences, and demographic variables like age and gender (**Choudhary et al., 2013; Vanithamani, 2013**). Communication strategies employed by insurance companies play a significant role in shaping consumer perception. Studies may explore how the communication of offerings, benefits, and customer support affects consumer attitudes and satisfaction (**Hemlatha M., 2016**). Personal experiences, particularly during emergencies or claim settlements, are crucial in shaping consumer perceptions. Positive experiences with insurance companies contribute to favorable perceptions, while negative experiences can lead to dissatisfaction (**Chuganee, 2002; Joseph & Anderson, 2003**).

Some studies emphasize the importance of policy flexibility, add-ons, and options for customization according to individual needs. Flexible policy features may positively influence consumer perception (**Jaya, 2017**). Literature may compare the service quality perceptions of consumers between private and public health insurance providers. This comparison helps understand the strengths and weaknesses of private health insurance services in the Indian context (**Vijay & Krishnaveni, 2018**). The literature emphasizes the role of research, surveys, and customer feedback in continually improving and adapting private health insurance services to meet evolving customer perceptions and preferences (**Aggarwal et al., 2013**).

In conclusion, the literature on the perception of consumers regarding the service quality of private health insurance in India reflects a comprehensive exploration of various factors influencing consumer attitudes, expectations, and experiences. Understanding these factors is crucial for insurance providers to enhance service quality and meet the evolving needs of consumers in the dynamic healthcare landscape.

1.5 LITERATURES ON CHALLENGES AND OPPORTUNITIES FOR PRIVATE HEALTH INSURANCE COMPANIES

Rajavardhan and Jahangir (2015) conducted a survey in Nalgonda district with 120 respondents to explore the socio-demographic and economic variables influencing consumer perception decisions in the rural market of Telangana. Their findings indicated that gender and marital status had minimal impact on perception, while education and income levels significantly influenced consumer decisions. The study revealed that the middle-income group was more actively engaged in the insurance sector. Additionally, occupation emerged as a significant factor affecting insurance decisions, and insurance was predominantly viewed as a means for tax saving rather than an investment opportunity.

In **Jain and Saini's study (2012)**, the focus was on the role of IRDA in the Indian life insurance industry. The study concluded that social, cultural, political, personal, psychological, and demographic factors collectively influenced consumer behavior. The research underscored the importance of understanding customer demographics for effective marketing, emphasizing that success in insurance marketing hinges on comprehending the social and cultural needs of the target population.

Singh (2014) conducted a sample survey involving 255 respondents in Uttar Pradesh to analyze life insurance consumer behavior. The study aimed to assess the socio-economic status of respondents and examine its impact on insurance purchasing capacity. Results indicated that a significant number of individuals invested for tax rebates and family safety. The study identified child plans and pension plans as major insurance products, with government servicemen aged 26-45 being prominent purchasers. The preference for obtaining insurance directly from agents, followed by banks, financial institutions, and brokers, was also highlighted.

Shamrao and Vibhute's (2013) in Kohlapur, involving 127 respondents, sought to understand customer preferences towards insurance policies, satisfaction levels with ULIP and traditional plans, and factors influencing investment decisions. Findings revealed LIC as the major insurance player, with traditional plans being preferred over ULIP plans. Most policyholders viewed insurance primarily as a protection option, followed by considerations for tax savings and pension schemes. Preferences for obtaining policies from financial advisors and banks were also noted. **Kumar (2012)**, conducted on 200 respondents in Dehradun, uncovered that the majority of investors were youth, exhibiting gender bias in investment patterns. Married individuals and those residing in urban areas were more inclined to invest in LIC. The survey highlighted a preference for yearly payment plans, with a significant portion of policyholders belonging to the service sector and the average middle-class demographic. The study also revealed a reliance on brand names and a preference for money-back policies.

Venkaiah and Sudhir's survey (2013) explored the performance of private insurance players with a sample of 200 respondents. Few respondents perceived private companies as superior to public ones, and satisfaction was aligned with customer expectations. Respondents expressed a desire for more policies with tax benefits from private companies.

Furthermore, the Insurance Regulatory and Development Authority Act (**IRDA**) in 1999 marked a significant shift, liberalizing and opening the Indian market to foreign insurance companies. Private and public collaboration in health insurance aimed to encourage competition and allow patient choice, although only 2% of the population had private insurance in 2010. Despite India being viewed as a potential market for health insurance, challenges such as low insurance awareness and inadequate healthcare infrastructure in rural areas persist, making it a risky business venture. Private health insurers, focusing on the middle-class population, face criticisms for potential health disparity and rising costs for the poor, prompting calls for regulatory measures to ensure equitable benefit packages and protect customers.

1.6 CONCLUSION

Over the last two decades, the service sector has emerged as the fastest-growing sector in India, and it is anticipated to continue experiencing substantial growth in the future. A significant contributor to this burgeoning service sector is the insurance industry, playing a vital role in enhancing financial intermediation, fostering liquidity, and mobilizing savings within the country. While LIC has historically maintained a monopoly in the insurance sector, the liberalization policies have paved the way for numerous new entrants into the business.

The opening up of the Indian market to private and foreign players in the insurance industry has not only increased competition but has also presented customers with extensive opportunities while mitigating associated risks. A predominant motivation for policyholders is the pursuit of insurance policies for savings purposes. Following a comprehensive study, it has been deduced that respondents possess awareness about private life insurance policies, and the majority express satisfaction with the services provided by their respective life insurers.

For those dissatisfied with the services, a prevailing concern is the significant amount of premiums paid. Literature exploring the factors influencing customers in choosing health insurance extensively covers these aspects, offering valuable insights into the decision-making process. This field of study remains dynamic due to evolving consumer needs, shifts in the healthcare landscape, and ongoing modifications in insurance regulations and policies.

1.7 REFERENCES

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