IJCRT.ORG ISSN : 2320-2882

INTERNATIONAL JOURNAL OF CREATIVE RESEARCH THOUGHTS (IJCRT)

An International Open Access, Peer-reviewed, Refereed Journal

Growth Of Health Insurance Policies – An Overview

C.Kasthuri
Ph.D Research Scholar, Department of Commerce
Alagappa Government Arts College, Karaikudi

Dr.D.Andrews Scott
Assistant Professor, Department of Commerce,
Government Arts and science college, palkulam, Kanyakumari

Dr.S.Latha
Assistant Professor & Head, Department of Commerce,
Alagappa Government Arts College, Karaikudi

Abstract:

The increasing prevalence of lifestyle diseases such as diabetes, hypertension, stroke and heart attack among the young as well as the elderly people in India is becoming a major cause of concern. Having no family history of these conditions does not ensure protection from related complications. In today fast-paced life, policyholder must be prepared for a medical contingency at all times. This is where a robust health insurance policy can help. One of the major health insurance benefits, in the face of a medical emergency, is that it allows you to take your mind off the stress related to healthcare costs and focus on the treatment instead.The main objective of the study is to analyze the various trends and growth of health insurance policies. Therefore, this paper aims to analyze the products of health insurance policies.

Keywords:

Health Insurance, Products, Policyholder, policies.

1.1 INTRODUCTION:

The health insurance sector in India has come a long way. It spans over 50 years and is one of the biggest industries in India. The need for health insurance arose from the high mortality rate and inadequate resources in the post-independence era. The government came up with health insurance to make healthcare more accessible and affordable to the Indian population. However, a large number of Indians remain uninsured. It is important to understand how the health insurance sector has evolved through the years and how it can help the healthcare industry fill in the gaps and make health insurance an affordable reality for all. During this

period, government schemes were introduced in 1948 and after. These included the Employer State Insurance Scheme (ESIS) and the Central Government Health Insurance Scheme (CGHIS). These schemes insured organizational and government employees and their families against specific illnesses, disabilities and cases of death. In some cases, there was even maternity health and out-patient departmental (OPD) coverage. After that, the General Insurance Corporation introduced a voluntary medi claim policy in 1986. This medi claim insurance policy reimbursed inpatient and domiciliary (at home) hospitalization expenses for specific illnesses and injuries. Health insurance saw a massive boom in the 90s due to the rising healthcare costs. Paying for healthcare expenditures out of pocket became more and more expensive for the average citizen. Due to the high leap of inflation (the systemic price rise of goods and services) and the inadequate government health resources, the government felt a need to bridge the price gap. Moreover, due to the privatization of the health insurance sector and the establishment of the Insurance Regulatory and Development Authority of India (IRDAI) in 1991, there were several amendments and alterations to the scope of health insurance plans. Various sub-limits were extended, and price gaps removed altogether. More and more illnesses, disabilities, and health scenarios started to come under health insurance.

There was a significant increase in the number of private hospitals associating with up-and-coming health insurance companies which encouraged prospective buyers to get health insurance. The medi claim insurance policy became a standard and basic health insurance policy as more and more customizable good health insurance plans came up. Individuals and families started to buy health insurance, and those working in government and private organizations both received health insurance coverage. The 21st century witnessed the massive growth of the health insurance sector in India. By the early to mid-2000s, many private insurance companies were set up and started to gain trust and reputation. As healthcare costs shot up, health insurance seemed like a viable solution. In the past decade, digital technology has boosted the reach of the health insurance sector by a large margin. Due to the shift from offline to online modes of communication and purchase, buying good health insurance plans became more convenient and quicker. The need for insurance agents was also reduced that made insurers lower premium prices and give additional discounts. This, in turn, helped gain customers and establish trust between an insurer and their customer. Moreover, health insurance expanded to encompass diverse health contingencies and the people who might need healthcare, including:

- Newborn babies
- Children
- Senior citizens
- Travellers
- First-time/second-time mothers
- Corporate employers and employees

Some of the illnesses and disabilities now covered in health insurance include:

- Critical illnesses
- Vector-borne diseases
- Maternity complications
- Accidental death
- Permanent/ temporary physical disability arising due to an accident
- Mental ailments
- Burns, fractures, broken bones
- Lifestyle diseases (after a fixed waiting period)

Now, several insurance companies also offer innovative solutions and products that combine life insurance and health insurance for dual protection. Despite the significant development in the health insurance sector, there is still concrete progress that needs to be made. Up till now, only about 40% of the Indian population has health insurance. The onset of the COVID-19 pandemic fuelled this number, as many citizens rushed to buy health insurance to cover COVID-19 treatment costs. However, the dark truth is that only the upper and middle classes of India can afford to buy health insurance. To the lower income-earners and poverty-stricken class who spend their life living day to day and accumulating savings, health insurance remains a struggle or a myth. Health insurance providers and the government have tried to fill in this gap by coming up with standard and affordable health insurance policies such as the:

- Arogya Sanjeevani Policy
- Jan Arogya Bima
- Saral Suraksha Bima
- Aam Aadmi Bima Yojana
- Universal Health Insurance
- Corona Kavach Policy
- Corona Rakshak Policy

While most of these health policies come to the rescue of the rural and lower-income sector, they sometimes fail to cater to the holistic health needs of individuals and extend a limited amount of financial support. However, with more funding in the public health sector by the government, India can help those who are most in need of healthcare and achieve true progress. In the year 2001, third party administrators or TPA were introduced which served as a link between the insurance company and network hospitals. According to the Times of India, Economic survey, 2017, the country's public spending on health in just a 'little over' one percent of GDP and there are insufficient good models in the health sector. Nationwide, more than half of all hospitalizations take place in private-sector settings and patients finance these expensive episodes of care almost entirely out of pocket. Spending on outpatient consultations and pharmaceutical purchases is similarly dominated by private providers of varying types and quality and financed out of pocket. These expenditures are a leading cause of household debt and a major poverty trap; more than 40 percent of

hospitalized patients are forced to borrow money or sell assets to cover the costs of treatment, which average 58 percent of their total annual expenditures.

The general insurance industry underwrote total direct premium of `2.21 lakh crore in India in the year 2021-22 registering a growth of 11.06 per cent from previous year. Out of 25 private insurers (including standalone health insurers) operating in the year 2021-22, 24 insurers reported an increase in premium underwritten as compared to the previous year. In case of public sector general insurers, market share of all the public sector insurers except New India has decreased from previous year. According to the IRDAI Annual report, the health business reported a growth of 26.27 per cent in 2021-22 making it the largest general insurance segment in India with a market share of about 36 per cent. The general and health insurers have issued 26.57 crore policies in the year 2021-22 reporting an increase of 7.68 per cent. The net incurred claims of the general insurers stood at ₹1.41 lakh crore in 2021-22 as against ₹1.12 lakh crore in 2020-21 reported an increase of about 26 per cent during 2021-22. The investment income of all general and health insurers during 2021-22 was ₹32,546 crores registering a growth of 9.42 per cent. During the year 2021-22, the net loss of general and health insurance industry was ₹2,857 crore as against the net profit of ₹3,853 crores in 2020-21.

As on March 31, 2022, the general and health insurers were operating from 10,775 offices as against 11,248 offices as on March 31, 2021, all over the country. Compared to the previous year, there is a decrease of 473 offices. As per tier-wise classification of offices, it is observed that 70 per cent of offices of general and health insurers are located in Tier I cities. About one per cent of general insurance offices alone are in Tier VI locations with a population of less than 5,000. Total investments made by the general, health and reinsurance companies was ₹4.85 lakh. crore as on March 31, 2022 registering 11.83 per cent growth from previous year. During the period, general, health and reinsurance companies have invested about 50 per cent of their investment majorly in Central, State Government and other approved securities and about 24 per cent in approved investments.

[a] Health Insurance Premium:

During the year 2021-22, General and Health insurance companies collected ₹73,052 crore as health (excluding Personal Accident and Travel) insurance premium registering a growth of about 25 per cent over the previous year.

[b] Policies and Lives Covered under Health Insurance:

During 2021-22, the General and Health insurance companies have covered 52.04 crores lives under 2.26 crores health insurance policies.

[c] Claims under Health Insurance:

The net incurred claims under health insurance business of general and health insurers stood at `63,361 crore in 2021-22 reported an increase of about 56 per cent from previous year. There is an increase in Incurred Claims Ratio (ICR) of health business from 94 per cent in 2020-21 to 109 per cent in 2021-22 and increase is witnessed across all classes of health insurance business. During 2021-22, General and Health Insurers have settled 2.19 crore health insurance claims and paid ₹69,498 crore

towards settlement of health insurance claims. The average amount paid per claim was ₹31,804. In terms of number of claims settled, 76 per cent of the claims were settled through TPAs and the balance 24 per cent of the claims were settled through in-house mechanism. In terms of mode of settlement of claims, 59 per cent of total number of claims were settled through cashless mode and another 38 per cent through reimbursement mode. Insurers have settled two per cent of their claims amount through "both cashless and reimbursement mode".

Table 1.1

Health Insurance Companies In India

S.NO.	Company Name	Founding year	Headquater Location
1.	Acko General Insurance Limited	2016	Mumbai
2.	Aditya Birla Health Insurance Co. Ltd.	2015	Mumbai
3.	Agriculture Insurance Company of India Ltd.	2002	New Delhi
4.	Bajaj Allianz General Insurance Company Limited	2001	Pune
5.	Cholamandalam MS General Insurance Co Ltd	2001	Chennai
6.	Manipal Cigna Health Insurance Company Limited	2014	Mumbai
7.	Navi General Insurance Limited	2016	Mumbai
8.	Edelweiss General Insurance Co. Ltd.	2016	Mumbai
9.	ECGC Limited	1957	Mumbai
10.	Future Generali India Insurance Co Ltd	2007	Mumbai
11.	Go Digit General Insurance Limited	2016	Bangalore
12.	HDFC ERGO General Insurance Co.Ltd.	2002	Mumbai
13.	ICICI LOMBARD General Insurance Co. Ltd	2001	Mumbai
14.	IFFCO TOKIO General Insurance Co. Ltd.	2000	Gurugram
15.	Kotak Mahindra General Insurance Company Limited	2015	Mumbai
16.	Liberty General Insurance Ltd.	2013	Mumbai
17.	Magma HDI General Insurance Co. Ltd.	2009	Kolkata
18.	Niva Bupa Health Insurance Co Ltd.	2008	New Delhi
19.	National Insurance Co. Ltd.	1906	Kolkata
20.	Raheja QBE General Insurance Co. Ltd.	2007	Mumbai

21.	Reliance General Insurance Co.Ltd	2000	Mumbai
22.	Care Health Insurance Ltd(formerly known as Religare Health Insurance Co. Ltd.)	2012	Gurugram
23.	Royal Sundaram General Insurance Co. Ltd.	2001	Chennai
24.	SBI General Insurance Company Limited	2009	Mumbai
25.	Shriram General Insurance Company Limited	2006	Jaipur
26.	Star Health & Allied Insurance Co.Ltd.	2006	Chennai
27.	Tata AIG General Insurance Co. Ltd.	2001	Mumbai
28.	The New India Assurance Co. Ltd	1919	Mumbai
29.	The Oriental Insurance Company Limited	1947	New Delhi
30.	United India Insurance Company Limited	1938	Chennai
31.	Universal Sompo General Insurance Co. Ltd.	2007	Mumbai
32.	Bharti Axa General Insurance Co. Ltd (Merged with ICICI Lombard General Insurance Co. Ltd effective from 3rd September, 2021)	2008	Mumbai

Source: www.irdai.gov.in

1.2 REVIEW OF LITERATURE

Udhaya, Soundarya and Parimalarani (2023) in their article examined that Health insurance policies and its awareness among the policyholders in Sivagangai district in Tamil Nadu: An analysis**.** The primary data were collected from policyholders in sivagangai district. The sample size used for the study is 150. The sampling technique used for the study is convenience sampling method. The findings of the study show that majority of the respondents were partially aware on the health insurance policy and also majority of the respondents were satisfied towards health insurance policy.

Priya (2015) stated that there is an urgent need to expand the health insurance net in India. In such a situation, it is essential to understand the consumers' perception of health insurance. It is also essential to limit the outof-pocket expenses of the consumers and suggest and bring awareness to the consumers and how health insurance would help in reducing their financial burden during hospitalisation.

Amandeep Kaur Shahil & Harinder Singh Gill (2013) in their article examined that performance and progress of health insurance business in India. The objectives of the study are to find origin of health insurance in India and abroad and to examine the growth pattern and trends of public and private health insurers in post liberalization period. The data used to achieve the objectives were secondary in nature and covers a period from 2002-03 to 2011-12. The tabular analysis technique was used to present the findings. The study analyses the performance of health insurance sector on the basis of contribution to GDP, health insurance portfolio share percentage in total non life insurance business, sector and company wise analysis of public and private health insurers. The study found that the market trend and penetration level of health

insurance business are changing over a period of time. The premium level and index of aware about the benefits of health insurance has been steadily increasing. The growth rate and market share of private health insurance has been increasing and public health insurers has been decreasing, due to number of increasing private health insurers , competition compulsions and coverage of rural areas with new and innovative products.

1.3 NEED FOR THE STUDY:

Health insurance delivers access to and financial protection against medical costs in an accident and chronic illness that a specialist needs ongoing treatment. Medical coverage also defends individuals who need immediate care for a broken leg, stroke, or heart attack. Buying a health insurance policy for individuals and family is essential because medical care is expensive, especially in private sector hospitals. Due to environmental changes, many diseases are spreading to humans quickly. The illness severely affected the individuals and family. Presently, medical expenses are very high in modernized hospitals. Bearing the hospital expenses of the middle class and upper-middle-class people is very tough. The medical care policy is essential for individuals to avoid the unexpected financial burden. An acceptable health insurance policy would usually cover expenses made towards doctor consultation fees, costs towards medical tests, ambulance charges, hospitalization costs, and even post-hospitalization recovery costs to a certain extent. Increasing medical cost is the primary cause for the financial instability among poor and middle-class people. The majority of them depend either on private loans or dispose of their assets to meet the medical burden. Lack of awareness about the health insurance cost aspect in payment of premium and claim processing revents many customers from taking a health insurance policy. Similarly, customer satisfaction is determined by their perception of the product primarily built from awareness.

1.4 IMPORTANCE OF HEALTH INSURANCE

- **To don't have enough savings to pay for healthcare:**

Getting treated at a top healthcare facility is costly. People find it challenging to manage their finances when a family member gets diagnosed with a dreaded illness. Nearly 44% of India's population is not covered by health insurance`. In such situations, people dip into their savings or take loans or sell assets to fund treatments. However, the smart thing to do is to take a health insurance plan this will help you to secure your finances and health at the same time.

- **Healthcare costs are rising fast:**

The rate at which medical costs are rising makes it necessary to have health insurance. Medical trend rate, i.e. the increase in per-person cost due to medical inflation. In India itself, this rate is expected to rise at double the inflation rate. The forecasted medical trend rate will be 10% in India, while inflation will be at 5%˜. Cancer and diseases of the circulatory system remain the top two highest claims reported by most insurers, followed by gastrointestinal diseases and respiratory conditions. With a fixed benefit health insurance cover, you can effectively fight critical illnesses like cancer and conditions related to the heart.

- **Hospital costs includes various items:**

Treatment at hospital is not merely related to surgery. Medical check-ups, doctor fees, and medicines can account for a higher chunk than the actual hospitalisation expenses. Separately, there are diagnostic tests, post-operative care such as having a medical attendant at home, which also cost a lot. Add up all, to understand why medical treatment seems so expensive. Health insurance plans offer coverage for several types of ailments and surgeries. They also cover other aspects of medical treatment. Fixed benefit health insurance plans give the money without asking for a detailed description of all the aspects of treatment costs. It is paid upfront to the policyholder on the submission of first diagnosis report.

- **To fight lifestyle diseases:**

Lifestyle diseases are on the rise, especially among people under the age of 45. Illnesses like diabetes, obesity, respiratory problems, heart disease, all of which are prevalent among the older generation, are now rampant in younger people too. Some contributing factors that lead to these diseases include a sedentary lifestyle, stress, pollution, unhealthy eating habits, gadget addiction and undisciplined lives. While following precautionary measures can help combat and manage these diseases, an unfortunate incident can be challenging to cope with, financially. Opting for Investing in a health plan that covers regular medical tests can help catch these illnesses early and make it easier to take care of medical expenses, leaving you with one less thing to worry about.

- **To safeguard your family:**

When scouting for an ideal health insurance plan, you can choose to secure your entire family under the same policy rather than buying separate policies. Consider your ageing parents, who are likely to be vulnerable to illnesses, as well as dependent children. Ensuring they get the best medical treatment, should anything happen to them, is something you would not have to stress about if you have a suitable health cover. Research thoroughly, talk to experts for an unbiased opinion and make sure you get a plan that provides all-round coverage.

- **To counter inadequate insurance cover:**

If you already have health insurance (for example, a policy provided by your employer) check exactly what it protects you against and how much coverage it offers. Chances are it will provide basic coverage. If your current policy does not provide cover against possible threats - such as diseases or illnesses that run in the family - it could prove insufficient in times of need. And with medical treatments advancing considerably, having a higher sum assured can ensure your every medical need is taken care of financially. But don't worry if you cannot afford a higher coverage plan right away. You can start low and gradually increase the cover.

- **To deal with medical inflation:**

As medical technology improves and diseases increase, the cost for treatment rises as well. And it is important to understand that medical expenses are not limited to only hospitals. The costs for doctor's consultation, diagnosis tests, ambulance charges, operation theatre costs, medicines, room rent, etc. are also continually increasing. All of these could put a considerable strain on your finances if you are not

adequately prepared. By paying a relatively affordable health insurance premium each year, you can beat the burden of medical inflation while opting for quality treatment, without worrying about how much it will cost you.

- **To protect your savings:**

  While an unforeseen illness can lead to mental anguish and stress, there is another side to dealing with health conditions that can leave you drained – the expenses. By buying a suitable health insurance policy, you can better manage your medical expenditure without dipping into your savings. In fact, some insurance providers offer cashless treatment, so you don't have to worry about reimbursements either. Your savings can be used for their intended plans, such as buying a home, your child's education and retirement. Additionally, health insurance lets you avail tax benefits, which further increases your savings.

- **Insure early to stay secured:**

  Opting for a health insurance early in life has numerous benefits. Since you are young and healthier, you can avail plans at lower rates and the advantage will continue even as you grow older. Additionally, you will be offered more extensive coverage options. Most policies have a pre-existing waiting period which excludes coverage of pre-existing illnesses. This period will end while you are still young and healthy, thus giving you the advantage of exhaustive coverage that will prove useful if you fall ill later in life.

1.5 Conclusion:

It can be manifest that health insurance in India is still in its infancy. It is apparent that for a country where over one-third of the population is below the poverty line some type of insurance mechanism are urgent. Illiteracy is one of the biggest factors that lack the awareness of health insurance policies. It is important to educate the population about the advantages of these policies and public social campaigns from time to time. But the COVID-19 pandemic has been change the scenario and wake up for both, the authorities and the Indian population to treat health insurance seriously. The "Not-Mandatory-Not-Necessary" attitude is slowly changing and curiosity about the positives of health insurance is increasing. This may has a lot of fundamental changes in health insurance sector in country. According to the annual report of IRDAI, Health insurance premium collections saw a growth of 25% in 2022, during the pandemic. As per the General insurance council, health insurance was the most important sector under general insurance in the covid period. The number of policies issued under health insurance surpassed the celebrated motor insurance sector during this period. Because during lockdown where no vehicles were up for sale. And consequently, motor insurance policies were not sold. The government contribute many schemes to the higher health insurance business is the introduction of low-casts, regulated health plans like Arogya Sanjeevani Policy, Jan Arogya Bima, Saral Suraksha Bima, Aam Aadmi Bima Yojana, Corona Kavach Policy, Corona Rakshak Policy. These are accessible to low-income families where medical treatment is allowed at any affiliated medical facility.

References:

1. Aggarwal et.al (2013). Health Insurance: Innovation and Challenges Ahead. Global Journal of Management & Business Studies, 3(5), 475–480.
2. Choudhary et.al (2013). Awareness of Health Insurance: Its Related Issues in Rural Areas of Jamnagar District. National Journal of Community Medicine Volume, 4(2), 267–271. Retrieved from www.njcmindia.org
3. Deepa, et.al (2018). A Study on Health Insurance Premium, Commission & its Growth of Select Companies in India Impact of GST on MSMEs View project Study on the financial leverage ratio of the selected industries in selected companies View project. Universal Review, 7(11), 109–121.
4. Gurunathan (2010). Level of Awareness on Indian Health Insurance Sector 80(2) from http://search.proquest.com.gate2.library.lse.ac.uk/docview/820159376
5. Health insurance-(godigit.com)
6. Home (gicouncil.in)
7. IRDAI Welcomes You
8. Kansra (2015). Socio-economic Determinants of Awareness of Health Insurance Among Women: An Empirical Analysis. IUP Journal of Knowledge Management, 13(1), 71–83.
9. National Insurance Company Limited(nic.co.in)
10. Nema et.al (2017). Determinants of Customer Retention in Health Insurance Sector. International Journal of Research & Innovation in Social Science (IJRISS), 1(2), 6–10. Retrieved from http://www.ijriss.org/DigitalLibrary/Vol.1&Issue2/06-10.pdf
11. PolicyX: Compare Insurance Quotes
12. SBI General Insurance: Arogya Plus
13. Shet et.al (2019). Awareness and attitude regarding health insurance among insured and non-insured: a cross-sectional study. International Journal of Community Medicine & Public Health, 6(9), 4071. https://doi.org/10.18203/2394-6040.ijcmph20194019
14. Udhaya, Soundarya and Parimalarani (2023), Health insurance policies and its awareness among the policyholders in Sivagangai district in Tamil Nadu: An analysis, International Journal of Science and Research Archive, Vol.9, pp 68-76.