

Trends and Awareness of Rural People towards Health Insurance

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ABSTRACT

Health Insurance can be portrayed as a social device that reduces or even eliminates the risk of loss to life and it grabs USD12.86 billion of the market with 35 per cent share in nonlife insurance sector. Increasing penetration of health insurance likely to be driven by government sponsored initiatives such as RSBY and ESIC and also participation of the private sector. There is a popular saying called —Health is Wealth which emphasizes on good health which is the root cause for wealth in one's life. Health Insurance in India, generally acknowledged as Mediclaim, is nothing but an Insurance which covers expenses associated to necessary Hospitalization. Investing on a health insurance is vital for numerous reasons. Uninsured people receive a lesser amount of medical care and other facilities. India's larger portion(70%) of the population lies in the rural area and which is exposed vulnerable to risks such as illness, injury, accident and death because of their social and economic situation. Health insurance could be a way of removing the financial barriers and improving accessibility to quality medical care by the poor and also an effective social security mechanism. But the rural people still lags behind than the urban people in the matter awareness and subscription of health insurance. The present study is an effort in the study area of health insurance to assess the rural people awareness level for this purpose the researcher conducted an empirical study with in talukas of Kuppam, Chittoor district. The researcher provides suggestion's for both customers and insurers.

Key words: Health insurance, rural area, nonlife insurance. Insurers, RSBY

INTRODUCTION

Health insurance is having attractive opportunities especially from rural areas in India. During the year 2022-23, General and Health insurance companies collected 89,492 crore and health insurance premium registering a growth of about 23 percent over the previous year¹. And the public sector Insurers is dominating the health insurance market in India with 44 percent. The gross written premium of the Indian health insurance industry was valued at over INR 637 billion in 2021². Only 3–4 per cent of total healthcare expenditure in India is currently covered by insurance providers, this is very less margin compare to some developing countries in Asia. According to Ernst young study, half of the population will come under health insurance umbrella in the next seven years. The alarming fact here is that over 48% of healthcare expenditure in India is out of pocket³. India ranks 145 among 195 countries in healthcare index⁴ and making it among the biggest underachievers in Asia and India still spends only around 2.1% of its national GDP towards healthcare goods and services (compared to 16.6% by the US). As per the study, India has performed poorly in tackling cases of tuberculosis, diabetes, chronic kidney diseases and rheumatic heart diseases.

Health insurance is a form of collectivism by means of which, people collectively pool their risk, in this case the risk of

¹IRDA Journal, Various Issues (2017-18 to 2022-23).

²<https://www.statista.com/statistics/1115935/india-health-insurance-sector-gwp/#:~:text=Gross%20written%20premium%20of%20health%20insurance%20sector%20India%20.>

³National Health Accounts Reports – estimated 2019-20.

⁴<https://indianexpress.com/article/india/india-ranks-145th-among-195-countries-in-healthcare-disparity-among-states-lancet-5190070/>

incurring medical expenses. The term Health Insurance refers to a type of insurance that essentially cover the policy holder's medical expenses. A health insurance policy like other policies is a contract between an insurer and individual\ group in which the insurer agrees to provide specified health insurance cover at a particular premium subject to terms and conditions specified in the policy.

A staggering 70% of the population still lives in rural areas and has no limited access to hospitals and clinics. According to National sample survey (NSSO) of 71st round reveals that around 86 per cent of the rural population was not covered under any scheme of health expenditure support. There is an urgent need to create awareness about health insurance and bring more people under the umbrella of health insurance. Lack of insurance awareness has proved to be one of the hurdles in penetration of across the country, especially this problem is huge in rural areas.

Growth Of Health Insurance In India

Health insurance in India is a growing segment of India's economy. Health insurance premiums have been registering a significant CAGR of 36 per cent in the preceding ten years⁵. Launched in 1986, the health insurance industry has grown significantly mainly due to liberalization of economy and general awareness. The National Health Policy was endorsed by the Parliament of India in 1983 and updated in 2002 and 2013. As per the new norms of Health insurance regulations 2013 companies will provide better data disclosure, pilot products, and coverage in younger years, etc. The Gross health insurance premium underwritten which was R 2221 crore in the year 2005-06 has increased to R89492 crore by 2022-23⁶. It has been estimated that the non-life industry has the potential to reach R 4, 80,000 crore of Gross Written Premium by 2025 With about 25% market share in the non-life industry at present, the health insurance segment has a significant role in covering various sections of Indian population. Report of the committee on India Vision 2020 constituted by the then Planning Commission in its report in December 2002 has already recognized that health insurance can play an invaluable role in improving health care system in India. The recent pandemic has emphasized the importance of healthcare on the economy, and health insurance would play a critical role in the effort to strengthen the healthcare ecosystem.

Ayushman Bharat (Pradhan Mantri Jan Arogya Yojana) (AB PMJAY) aims at providing a health cover of Rs. 5 lakh (US \$6 ,075) per family per year for secondary and tertiary care hospitalization⁷. The increasing penetration of health insurance is driven by government-sponsored initiatives such as RSBY and ESIC. In FY23, population covered under health insurance through government sponsored schemes reached 446 million. Until recently, to improve the awareness and reduce the procrastination for buying health insurance, the General Insurance Corporation of India and the Insurance Regulatory and Development Authority had launched an awareness campaign for all segments of the population.

LITERATURE REVIEW

The **NCAER** conducted the pre-launch survey during March–August, 2010. According to this survey 5.27 percent households are having health insurance. A study (**Reshmi**, et al., 2007) conducted on a community cross-section basis in Mangalore found that 64 per cent of the 242 respondents were aware of health insurance⁸. Of the total respondents, 45 per cent came to know about it through the media. Middle and low income groups preferred government instruments to private instruments. The National Council of Applied Economic Research (**NCAER**) conducted a survey of 30,200 households across 29 states and Union Territories in 2011 to gauge awareness levels about various insurance tools across all socio-economic groups. Some major findings include majority insured are salaried or self-employed, primary source of awareness is television about insurance and males accounted higher share of the insured than females. **Maheshkumar L choudhar** et al. (2013) in their research highlighted that awareness regarding health insurance is poor (57.25%); therefore awareness creation is needed⁹. Education, socio-economical status and occupation were favorable determinants for opting

⁵IRDA Journal, Various Issues (2017-18 to 2022-23)/

⁶IRDA Journal, Various Issues (2017-18 to 2022-23)

⁷ A report on National Health Authority 2021

⁸ B.Reshmi et al., "Awareness of health insurance in a South Indian population a community based study" Health and Population- Perspectives and Issues 30(3), 2007

⁹ Maheshkumar L choudhar et al., "Awareness of health insurance and its related issues in rural areas of Jamnagar district", National Journal of Community Medicine, Volume 4, Issue 2, Apr – June 2013

health insurance. Reason for opting for health insurance was mainly related to medical care and financial aspects. Media seemed to have played an important role in dissemination of information. This calls for effective information, education, and communication activities which will improve understanding of insurance by the public. **Ramakrishna Goud et al.** (2014) in their study highlighted awareness regarding health insurance is low among households of rural India. The prevalence of Health Insurance among rural India is so and is dominated by Community Based Health Insurance¹⁰. Most Popular Health Insurance Scheme was Yeshaswini insurance scheme. Effective information, education and communication activities will improve understanding of insurance by the public and hence help in developing a market for health insurance

Objectives:

1. To study the emerging trends in Health Insurance.
2. To know the awareness level analysis the subscription rate in rural people towards Health Insurance.

RESEARCH METHODOLOGY

The collection of data consists of both primary data and secondary data. The Primary data have been collected by floating a structured questionnaire in different villages of Kuppam, Chittoor district. Stratified sampling technique has been adopted to collect the data from 100 respondents on the basis of occupation. The present survey was carried out with the aim to study awareness, attitude, and practice regarding health insurance in the population residing the rural areas. Secondary data has been generated through IRDA annual reports and some other published reports of Health Insurance.

TRENDS:

1. Health Insurance premium

Table 1: Trend In Health Insurance Premium from 2017-18 to 2022-23

| Market Share | 2017-18 | 2018-19 | 2019-20 | 2020-21 | 2021-22 | 2022-23 | Average | CAGR |
|----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------|--------|
| Public Sector Non-Life Insurers | 21509 (58.08%) | 23536 (52.45%) | 24632 (48.52%) | 27228 (46.75%) | 32943 (45.09%) | 39058 (43.64%) | 49.08% | 10.45% |
| Private Sector Non-Life Insurers | 7689 (20.76%) | 10655 (23.74%) | 12391 (24.41%) | 15875 (27.25%) | 20107 (27.52%) | 25182 (28.13%) | 25.30% | 21.86% |
| Stand-Alone Health Insurers | 7830 (21.14%) | 10681 (23.80%) | 13736 (27.06%) | 15135 (25.98%) | 20001 (27.37%) | 25182 (28.13%) | 25.58% | 21.49% |
| Total | 37029 (100) | 44873 (100) | 50758 (100) | 58238 (100) | 73052 (100) | 89492 (100%) | 100 | 15.84% |

Source: IRDA Annual report 2022-23

Note: Figures in the percentages indicates the market share of various health insurance premiums.

The total number of Non-Life Industry providing health insurance registered an increase in the premium collection from Rs. 37029 crores in 2017-18 to Rs. 89492 crores in 2022-23.

Total health insurance premiums increased from 37029 million in 2017-18 to 89492 million in 2022-23, witnessing growth at a CAGR of 15.84% per cent. During the period 2017-18 the share of public sector non-life insurers share in the total health insurance premium registered at 58 per cent, which is followed by private sector Non-Life Insurers at 20 per cent and subsequently the Stand-Alone Health Insurers, stands in the third position by registering 21 per cent during 2017-18.

2. FDI in insurance

The medical insurance industry is looking healthy with the Indian government increasing the Foreign Direct Investment cap for healthcare. Indian government initiated FDI reforms in insurance sector by allowing 49% foreign participation from

¹⁰ B.Ramakrishna Goud et al., "Prevalence and Factors Affecting the Utilisation of Health Insurance among Families of Rural Karnataka, India", International Journal of current research and academic review, Volume 2, 2014

26%. This move allows more foreign players to enter the market and increase competition and quality of products in the space.

3. Distribution Channel Management

In a multi-channel world, existing distribution channels remain as new channels emerge, complicating channel management. Today, they are managed as discrete distribution channels unable to integrate for seamless agent and carrier interactions. Indian health insurance companies are always looking for a better platform in reaching the customers and receiving premiums, online sales channel is one of them. It saves the time, money and is more transparent between insurer and buyer.

4. Integrated Approach

Insurance sector is driven by various forces, competitors, work force, regulating authority, customers, and healthcare network and professionals. At present, overall health insurance domain is going through a rapid transition. The key players are adopting a 360 degree approach to maximize customer acquisition. Not only they are constantly expanding their web of network hospitals, clinics and specialty care centers, but also offering value added services on their plans such as maternity coverage, day care expenses, lifelong renewability, 24x7 doctor helpline and regular health checkups. Other insurers have gone a step further and tried to offer products that integrate the features of both preventive health care plan and health insurance.

5. Specialized Insurance

As of yet, health insurance has worked quite well for the general population. But when it comes to serving people with a pre-existing condition, no insurer in India (with the possible exception of Star Health) has come forward and taken the responsibility to serve the niche. This is better known from the fact that health insurance cover for HIV patients, cancer patients and diabetic patients are so few that they can be counted on fingers. Even old aged are either plainly denied a coverage or end up paying high premiums for getting a decent cover. Hopefully, with the intervention of IRDA, the things are going to improve for such people this year.

6. Employer-Sponsored Wellness Programs

As a legal obligation, employers are supposed to give cover to their employees under a group health insurance plan. But as the health care costs continue to rise drastically, the corporations are rethinking on how to save the money. One way most of them have come up, is to penalize unhealthy individuals like smokers and alcoholics and rewarding those who participate in healthy habits like joining a fitness club and taking up regular exercises. In a literal sense, companies are increasingly getting involved in organizing wellness programs and inspiring employees to adopt healthy lifestyle. Health insurance in India is poised to achieve its best in the year 2013 in terms of revenue as well as penetrability. The factors mentioned above will be significant in a good way bringing about the expected

7. Integration with Social Media

Social media tools—such as Facebook, LinkedIn and Twitter—are frequently used in marketing to drive brand awareness and connect with customers. Social media is about helping people connect and have face to face collaborations through mails. Recently majority of the insurers like Max bupa, HDFC Ergo general insurance, are using this as a good channel to promote about policies, especially newly introduced products and gain customers. India has 462 million internet users and 371 million mobile internet users. Now a day's social media is becoming gold mine for the insurers with 153 million social media users, of which 130 million are on mobile only. There is a gradual increasing of mobile social media users due to reduction in mobile prices and increasing purchasing behavior of consumers. Insurance companies are conducting consumer awareness drives also by using this platform.

8. Impact of Covid 19:

India was one of the most affected country with coronavirus. People lost their lives to it, at an alarming rate. At that time 86% of the rural population and 82% of the urban population are not covered under any scheme of health insurance. They had recognized the importance of health insurance. During the lockdown, the healthcare insurance increased by 34.2% in year-to-date in July 2022, compared to 9.9% growth in July 2021. It rose 34% in the pandemic times. IRDAI also has authorized two policies namely Corona Kavach and Corona Rakshak, to help consumers protect themselves from the financial burden of Covid-19 medical bills.

SURVEY RESULTS AND ANALYSIS

The awareness of the respondents about Health Insurance in the study area is good. More than 82% respondents have the awareness about Health Insurance in the study area. It is somewhat high compared to throughout India (68.5 percent) of NCAER's national wide survey. But the subscription rate is low compared to awareness level of the people in Kuppam, Chittoor

district. The subscription level of the respondents have analyzed by using Chi-square test. Out of 90 households surveyed 30 percent of the respondents said that they have subscribed the Health Insurance policy (including bot central and govt. schemes).

Table 3: Demographic Variables and Subscription level of the respondents

| Demographic Variables | | Subscription level of the respondents | | | | | |
|-----------------------|---------------|---------------------------------------|------------|-------------|------------|-------------|------|
| | | Subscribe | | Unsubscribe | | Chi-square | |
| | | Count | percentage | Count | percentage | Power Value | Sig. |
| Gender | Male | 25 | 75.75% | 43 | 64.17% | 1.3622 | .243 |
| | Female | 8 | 24.24% | 24 | 35.82% | | |
| Marital Status | Married | 24 | 72.72% | 51 | 76.11% | 0.135 | .712 |
| | Unmarried | 9 | 27.27% | 16 | 23.88% | | |
| Age | Upto 20 years | 3 | 9.09% | 10 | 14.92% | 2.333 | .506 |
| | 21-40 | 16 | 48.48% | 23 | 34.32% | | |
| | 41-60 | 11 | 33.33% | 24 | 35.82% | | |
| | Above 60 | 3 | 9.09% | 10 | 14.92% | | |

Note: 1.Sig. for 0.05. 2. Data has been compiled through survey results.

Percentage analysis:

From the above table 3 We can understand that the subscription rate of **Gender** category is high in male category(75.75 percent) compare to female with only 24.24 percent. In **Marital Status** of the respondents from subscription category a majority 72.72 percent were married and 27.27 percent were unmarried. It is interesting to observe in **Age category** that a majority of the respondents in both subscribe and unsubscribe categories belong to 21- 40 age group which is 48.48 and 33.33 percent respectively, Whereas the subscription levels Upto 20 and above 69 are low with 9.09 percent only.

Statistical analysis: As per the above table (3.1), the relation between **Gender** and **Subscription level of the respondents** is good as the chi-square value is high 1.3622the significance is .243 and it is statistically significant. The relation between **Marital status** and **Subscription level of the respondents** is not having a significant association, as the chi-square value is 0.135 and the significance is .712 likewise, there is a poor association between **Age and Subscription level of the respondents** as the chi-square value is low 2.333 and the significance value.506 which means the age of the respondents and subscription level are statistically not significant.

Table 4: Socio-Economic Variables and Subscription level of the respondents

| Socio –economic variables | | Subscription level of the respondents | | | | | |
|---------------------------|------------------------------|---------------------------------------|----------|-------------|----------|-------------|------|
| | | Subscribe | | Unsubscribe | | Chi-square | |
| | | Count | column % | Count | column % | Power Value | Sig. |
| Educational qualification | Illiterate | 3 | 9.09% | 6 | 8.95% | 5.894 | .207 |
| | Up to Higher secondary level | 9 | 27.27% | 8 | 11.94% | | |

| | | | | | | | |
|----------------------------|--|----|--------|----|--------|-------|-------|
| | Graduation | 10 | 30.30% | 25 | 37.31% | | |
| | PG | 5 | 15.15% | 20 | 29.85% | | |
| | Others | 6 | 18.18% | 8 | 11.94% | | |
| Occupation | Student | 4 | 12.12% | 20 | 29.85% | 12.54 | 0.354 |
| | Self Employed(Agriculture) | 5 | 15.15% | 18 | 26.86% | | |
| | Self Employed(non agriculture)/ Business | 5 | 15.15% | 6 | 8.95% | | |
| | Pvt. Employees | 6 | 18.18% | 14 | 20.89% | | |
| | Govt. Employees | 8 | 24.24% | 7 | 7.46% | | |
| | Labour | 5 | 15.15% | 2 | 2.98% | | |
| Monthly Income (in Rs.) | Up to 10,000 | 2 | 6.06% | 15 | 22.38% | 3.42 | 0.33 |
| | 10,001-20,000 | 6 | 18.18% | 16 | 23.88% | | |
| | 20,001-30,000 | 10 | 30.30% | 18 | 26.86% | | |
| | Above 30,000 | 15 | 45.45% | 18 | 26.86% | | |

Education: It is observed from the table .4 that majority of the ascriptions are coming from graduates(30.00percent) whereas less rate is from illiterates with 9.09.And it is interesting to know PG's have low subscription rate(15.15 %) whereas a noticeable unsubcription rate(29.85 %)

Occupation: The above table illustrates that all govt employees have subscriptions 24.24 % of the subscriptions whereas student (12.12%) Agriculture and labour have low subscription rate with 15.15 %..

Income: majority of the respondents 45.45 %, from subscriptions reported to have monthly income range of Rs. 30,000 and above..

Statistical analysis: As per the above table (3.1), the relation between **Educational qualifications** and **Subscription level of the respondents** is poor as the chi-square value is high 5.894 and the significance is. .207 and it is not statistically significant. The relation between **Occupation** and **Subscription level of the respondents** is having a significant association, as the chi-square value is 12.54 and the significance is . 0.354likewise, there is a good association between **Income** and **Subscription level of the respondents** as the chi-square value is 3.42 and the significance value 0.33 which means the income of the respondents subscription level are statistically significant

Table: 5 Sources of information regarding Health insurance

| Source of Information | Number | Percentage |
|---------------------------------|--------|------------|
| television | 35 | 35 |
| Print media | 11 | 11 |
| radio | 7 | 7 |
| Social media/internet | 11 | 11 |
| Friends/family(reference group) | 25 | 25 |
| Hoardings/boarding's | 5 | 5 |
| Rural knowledge hubs/NGO's | 6 | 6 |

The above table indicates source of information regarding Health Insurance, most of the respondents are opined that television (35%) is the best source of knowing information .Reference group(25%) is one the major source whereas

Hoardings and Rural Knowledge groups (6%) are considered as less priority in the information providers. The role of internet / Social media is pivotal in providing awareness to the customers with television and reference groups.

CONCLUSION

Health Insurance is growing rapidly over a few years and it is becoming a major source for employment. Changing FDI cap, digitalization, Innovative Health insurance policies and increasing claim settlement ratio and some customized activities like TPA (Third Party Administrators) leads much scope for the industry. The awareness levels of the respondents are considerable good but the subscription of the policy is not with good margin. Respondents are using television and reference groups as the main source of information search. In India, nearly 5.8 million die from non-communicable diseases (NCDs) every year. Though IRDAI is initiated on awareness programs and with the impact Covid 19 got some result in the name of increasing awareness throughout the country, still there a huge percent people in India are coming under Health Insurance schemes (including government schemes). So there is huge market is available and to motivate the people properly towards Health Insurance especially in rural areas.

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