

Study Of Factors Influencing Consumer Perception Towards Health Insurance Policies During COVID-19 Pandemic

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Abstract:

Insurance has always been a first and foremost important instrument in financial planning. However, in the wake of the global pandemic, the importance of the health insurance policy has become even clearer and known to everyone. There is a rising need for health insurance in current scenario, because of the higher rate of inflation in medical expenses. The purpose of this study was to understand the consumer behavior towards health insurance during COVID-19. The study was based on the primary data which was collected from the respondents of Mumbai. Self administered questionnaire was prepared which included separate sections for demographic and subjective questions. The subjective section consisted of five point likert scale. Random sampling technique was performed and 200 respondents were taken for the research. The prime objective of this study was to explore the factors which affect the consumer perception towards health insurance during the pandemic. To fulfill the objective, factor analysis and Chi-square test was performed. The factors influencing the customer perception towards health insurance were Compatibility, Awareness, Transparency, Tax Benefit, Accuracy clarity and Availability of Information, claim settlement ratio and number of network hospital. Through the study it was found that, awareness of health insurance products was observed in majority of the respondents. Awareness campaigns on importance of health insurance and its services may help to increase the sale of health insurance. Among all the demographic variables, source of awareness showed a strong association with the gender. The major source of awareness for females is television whereas for males, friends and colleagues. Secondly, the analysis also revealed that, whether a person has less income or more income, they prefer to buy a health insurance policy to cover their medical expenses. Further the study also revealed that, the pandemic has taught everyone the importance of investing in right insurance products to tackle such unpredictable scenarios in upcoming future.

Keywords: Consumer perception, COVID -19, Pandemic, Health Insurance

INTRODUCTION:

The sudden hit of COVID-19 pandemic has hit the life across the world. Earlier, insurance was perceived as a product for 'investment' or for the purpose of 'tax saving' by majority of Indian, but, after the hit of the pandemic, many have realized the

actual objective of buying insurance i.e. 'protection'. Customer perception is built depending on every direct or indirect experience they had with the company and the customers feeling about the brand. Insurance is an investment which helps to safeguard from risk of future uncertainties. There are a variety of investment products

such as bank deposits, shares, mutual funds, insurance gold and immovable properties like real estate. But in India most of the investment goes into conventional investment avenues such as fixed deposits in banks, real estate and gold etc. Hence there is a huge potential for insurance sector.

Insurance companies underwrite the risk and protect from losses arising from unexpected event in future. For this they charge a premium which is a small proportion as compared to the possible losses in future due to any unexpected risks. So insurance premium can be considered as a guaranteed small loss to hedge against a large or devastating loss in future. Insurance company reimburses the losses from the pool of premiums collected from investors.

Financial anxiety prevalent during COVID-19 pandemic led to a surge in the interest of people buying insurance. It can be seen that, the pandemic has provoked the customers to explore the different alternatives in insurance policies and choose suitable insurance coverage to ensure adequate coverage for that a person and their family in the event of any unforeseen circumstances in future.

As per ministry of Statistics and Programme Implementation of India, Sector-wise GDP composition in India for the year 2020-21 is Agriculture :20.19%, Industry :25.92%, Services : 53.89%, Insurance and banking sector contributes to about 7.3%. Statistics also showed that service sector is the largest contributor to the economy with highest GVA(Gross Value Added) to the economy.

Insurance could be a contract, represented by policy, in which an insurance company agrees to give financial protection to an individual or a business for the losses which were covered under the policy.

REVIEW OF LITERATURE:

Jothi and Sitaram (2014), the purpose of this study was to understand the preferences towards products and decision making for the purchase of life insurance policies using PLS-SEM data analysis method. It was observed during the study that, the most important influence on life insurance purchase decision was the product. Attitude was also observed to mediate the

purchase behavior as well as relationship marketing stimuli. The conclusion of the study was that, customer attitude and subsequently customer purchase intention is influenced by the marketing mix i.e. product, price, place and promotion

Siddhartha and Sumanth(2017), analyzed the factors that influence a customer in selecting a particular insurance company while buying an insurance policy. Respondents from Visakhapatnam city were considered for the study. The overall attitude of customers towards life insurance was positive. It was observed in the study that most of the investors in Insurance policies had invested with the main objective of tax saving and earning return rather than the actual objective of insurance that is risk coverage. During the study it was also seen that the major factors which influence the choice of an insurance company are image of the company and customer relationship.

Kavita and Latha (2017), in their paper examined the attitude of customers towards the general insurance. The research was carried out at Erode district. The sample size was 750 respondents. The study aimed to find out the factors influencing the policy holders. In this regard, the respondent's view was collected on a 5 point rating scale. Factor analysis was used on 25 variables. The study revealed the various expectations that the customers have from the insurance company.

Nair(2019), in his study compared the level of satisfaction of insurance claim settlements of insurance companies in private and public sector. He found that claim settlement ratio of insurance companies in public sector is better than those insurance companies in private sector.

Chauhan (2019), studied the rating modalities and medical underwriting with respect to in health insurance sector. He found that lifestyle, occupation, health condition and habits of insured has to be kept in mind while underwriting a health insurance policy.

OBJECTIVE OF THE STUDY:

The purpose of this research is to determine the primary factors influencing the Customer Perception towards Insurance policies and to find the right strategy for the organization.

The following are the objectives:

- To study the factors affecting the consumer perception towards health insurance.
- To study the knowledge level of customers about various health insurance policies.
- To analyze the demographic profile of customers of health insurance in Mumbai region

HYPOTHESIS:

H1 : There is a significant association between gender and importance of Health Insurance

H2 : There is a significant association between gender and source of awareness about Health policies

H3 : There is a significant association between gender and reasons of investing in health insurance

H4: There is a significant association between Annual income and preference in buying Health Insurance.

RESEARCH METHODOLOGY: The descriptive research design is used in this paper and the paper is based on primary data. The Survey method is used to complete the study. To collect and select the data, simple random sampling technique was used. Statistical Package for Social Sciences (SPSS) 26 was used for this purpose. Factor analysis was used to determine the relative importance of factors viewed as most crucial to customer perception

while purchasing Insurance policies. The Researcher has applied Chi-Square Test to find the association between Demographic Variables and the Customer Perception towards Health Insurance Policies.

DATA ANALYSIS:

Sample Description

The data was collected from June-2021 to Dec-2021 of Mumbai region. The demographic variables were Gender, Age, Occupation, Location and Family Annual Income.

The gender was divided as follows, male percentage of 55.0 % and a female percentage of 45.0%. The age group was divided into five subgroups beginning from less than 25 years, 26-35 years, 36-45 years, 46 to 55 years and ending with above 55 years of age. The majority of the respondents were between the 26-45 age groups which summed up to be 96%. The occupation was as follows, government employee, private sector employee, housewife, retired or other. Maximum number of the customers belongs to the service sector (90%). Income level was divided as follows, below 1 Lakh, 1– 3 Lakh, 3-5 lakh, 5 -10 lakh, above 10 lakh. 80% of the respondents comes under 6-10 lakh income group.

Reliability Analysis:

To check the reliability of the data, Cronbach's Alpha was used and the results are :

Table 1: Reliability Test

Cronbach's Alpha	N of items
0.882	22

The above table (Table 1) depicted that, reliability value is higher (0.882) than the standard value (0.7), so all items in the questionnaire are reliable.

KMO Test:

Kaiser-Meyer-Olkin measure of sampling adequacy: KMO measure of sampling adequacy was applied to check the sample adequacy is an index used to examine the appropriateness of factor analysis . It was found that KMO value 0.785 (Table 2) which was more than 0.5 indicating that the sample was adequate to consider the data for factor analysis.

Table 2: KMO Test

KMO and Bartlett's Test	
Kaiser-Meyer-Olkin Measure of Sampling Adequacy	0.785

Factor Analysis:

In this study the factor loading of customer perception towards purchasing health insurance

policies was examined with the help of factor analysis.

Table 3: Factor Loading Of Consumer Perception Of Health Insurance Policies

Sr .no	Factors	Loading
1	Compatibility of premium with the services	0.755
2	Awareness	0.758
3	Transparency in service follow up	0.750
4	Tax benefits	0.750
5	Accuracy and clarity of service procedures	0.748
6	Availability of enough Manuals and information in detail	0.730
7	Claim settlement ratio	0.765
8	Number of network hospitals	0.752

Using tools like SPSS 26, Table 3 depicted that, maximum load assigned to the factor like Claim settlement ratio (0.765). Jayaprakash (2007) examined in his study that, the major hurdle preventing the people to purchase health insurance policies is claims ratio. Ayanore et.al (2019) also explained in their study that, inadequate claim returns, poor accountability and non-transparent operations hinders the uptake of health insurance. Secondly, Compatibility of premium with the services (0.755), Awareness (0.758), Number of network hospitals (0.752), Transparency in service follow up (0.750), Tax benefits (0.750), Accuracy and clarity of service procedures(0.748) and availability of enough manuals and information in detail (0.730) are other main factors exhibited in the study. Yadav and Sudhakar (2017) also found that, factors such as awareness, tax benefits, financial security and risk coverage has significant influence on purchase decision of the health insurance policy. Thirdly, Thomas (2017) also explained in his study that, good hospital network, policy coverage also plays a vital role

while purchasing the health insurance policy. Study also revealed that, the number of network hospitals (0.752) is the 4th highest loading among the other factors of consumer perceptions towards purchasing insurance policies.

Further, the researcher found that, for the development of health insurance industry in India during COVID-19 pandemic, the above extracted factors plays a major role for increasing awareness among the people.

Kumar (2009) in his study also revealed that, insurance plays a vital role of mobilizing resources, risk coverage as well as health insurance services. So we conclude that, whatever may be the circumstances (COVID-19), the decision of purchasing health insurance policy remains the same.

CHI SQUARE TEST

Chi-Square test has been used to find the association between different demographic variables and subjective variables.

Table .5. Chi Square Test Analysis

Sr. no	Hypothesis	Phi Value	Cramer's V Value	P Value	Hypothesis Accepted/Rejected
1	H1 : There is a considerable relation between gender and importance of Health Insurance	0.572	0.404	0.000	Accepted
2	H2 : There is a considerable relation between gender and source of awareness about Health policies	0.557	0.332	0.000	Accepted
3	H3 : There is a considerable relation between gender and reasons of investing in health insurance	0.592	0.342	0.000	Accepted
4	H4: There is a considerable relation between Annual income and preference in buying Health Insurance.	0.472	0.272	0.035	Accepted

The above Table : 5 revealed the following results are :

H1: Probability value is 0.000 which is higher at 5% level of significance, Since the p value is less than 0.05, so the alternative hypothesis is accepted and the null hypothesis is rejected. Hence it can be said that there is association between gender and importance of Health Insurance policies. With the help of Cramer-V statistics the above relation shows a moderate relationship between both the variables.

H2: To study the association between, gender and source of awareness, it also showed significant association. The study revealed that, major Source of awareness for females is television whereas for males is friends and colleagues. Basaza et.al. (2019) in their study explained that, mass media such as newspapers, television and radio plays a vital role in creating awareness of health insurance schemes amongst the people. Friends, community meetings, gatherings and health workers have an impact on increasing the awareness of the health insurance among the people. Lagomarsino G. et.al (2012), Ghaddar(2018) also explained that, the awareness of the insurance schemes increases the utilization of health insurance and subsequent help in healthcare uptake.

H3 & H4 :The above table (Table 5) showed, there is a relation between gender, annual income. Further, both the variables showed a moderate association in the variables. The study

explained, for majority of the males main reason for investing is good returns while for females main reason is for safety and security of the family.

COVID-19 pandemic has taught people, the importance of health insurance policies. The analysis also revealed that, whether a person has less income or more income, they prefer to buy a health insurance policy to cover their medical expenses.

CONCLUSION, SUGGESTION AND LIMITATIONS:

In this research, the researcher aims to find the factors that are influencing customer perception while purchasing Insurance policies in COVID-19. Factor analysis and Chi-Square Test were applied to analyze the data. From this it was found that, the factors that mostly influence the customer perception while purchasing Insurance products are - Compatibility, Awareness, Transparency, Tax benefit, Accuracy, Clarity and Availability of information, claim settlement ratio and number of network hospital. Further, the result of Chi-Square test revealed that, the gender and importance of insurance are moderately associated with each other. On the other hand, strong association was found between gender and source of awareness. The research also found that, the major source of awareness for females is television whereas for males is friends and colleagues. Further, the study revealed a very meaningful result that, the

main reason for investing for majority of males is good returns while for females is safety and security of the family. Most importantly there is a very good relationship found between annual income and preference of purchasing Health Insurance. The preference of purchasing Insurance products is mainly dependent on annual income of the customer.

So we conclude that, whatever may be the circumstances (COVID-19), the decision of purchasing health insurance policy remains the same. Along with investing in real estate, stock market, gold, people nowadays also prefer to invest in insurance products like Life Insurance and Health Insurance because they find it as the best tool for risk management. Pandemic has reinforced the importance of investing in insurance to tackle such unpredictable scenarios in future. Last but not the least; Insurance Companies should look into social media marketing and advertising strategies to promote the benefits of health insurance. To increase the awareness among women, insurance companies can also consider social media platforms like whatsapp, facebook, linkedin, Instagram etc.

There were few limitations in this study. Due to the paucity of time, the researcher was unable to study on large population. It was challenging to collect the data from the respondents, as few respondents were reluctant to fill the questionnaire.

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