CUSTOMERS' ATTITUDE TOWARDS HEALTH INSURANCE

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Abstract

The study aims to identify the factors influencing the selection of insurance company for purchasing the policy. An attempt has been made to study the customer buying behaviour with a focus on determining the factors affecting the consumers' preference for Insurance companies. The variables for the selection of a company consisted of 7Ps of services marketing, which services providing companies like insurance companies are assumed to have given due importance. The respondents were queried about the factors which strongly influence their choice of a particular company. The findings were analyzed using ANOVA tests for each of the 7Ps. Findings reveal that product features, accessibility, low premium amount, advertising, proper redressal of complaints and better claim settlement are some of the factors that drastically influence the choice of a company.
Key words: Health Insurance, Policy holders, Attitude

Introduction

Risk is described, as any situation where there is uncertainty about what outcome will occur. Most of the people prefer to avoid risk like illness, accident, damage of property etc. by taking insurance policies. Insurance is based on the principle of risk pooling. A well-regulated insurance industry which moves with the times by offering its customers tailor-made products to satisfy their health needs is, therefore, essential to progress towards a worry-free future. While the public sector insurance companies made enormous contribution in the spread of awareness about insurance, and expanded the market, it was recognized that their reach was still limited, the range of products offered restricted and the service to the customer inadequate. It was also recognized that India has a vast potential that is waiting to be tapped and this could be achieved when sufficient competition is generated and it is exposed to the developments in the rest of the world. Therefore insurance sector was opened up for private sector participation with provision for limited foreign equity exposure, which has at present 15 private players in the market. This private entry has thrown opened a huge array of opportunities, many of which will be in unrelated fields and may give a bigger push to the development of the national economy as a whole.

Objective

To study the customers' opinion/perception towards services provided by the private health insurance companies

Review of Literature

There are various studies related to Insurance Sector in India and abroad. It was found that the numerous numbers of literatures is available on insurance industry and its various aspects. Few relevant reviews are putting here in the context, they are as follows: Randhey and Ahuja (1999), Says that need for private sector entry has been justified on the basis of enhancing the efficiency of operations, achieving a greater density and penetration of life insurance in the country, and for grater mobilization of long-term savings for long gestation infrastructure projects. Rao Tripti, D. (2000) stated that Privatization of insurance industry is based on the view that competition would enhance efficiency through increased resource utilization. It would spill over as benefits to the consumers in terms of reduction in premium costs with proper pricing policy and wider choice. Liberalization may also increase the scope of operation of insurance business from limited area to untapped areas like health, crop and unemployment. Raju Satya R. (2004), Found that the insurance agents, development officers' employees, executives at different levels should work together to achieve the objectives and mission and also to face the present and future competition as a challenge. The insurance product and services should be designed and offered as per the customer requirements. Palande et al (2007) found that the Insurance industry is going to witness sea changes in its marketing strategies. The existing and the new insurers will devise different strategies to retain and enhance their market share. It would be done by various methods by bringing in new practices, settings new service standards and creating new benchmarks. Selvakumar and Priyan (2010) found that insurance companies are increasingly taping the semi-urban and rural areas to take across the message of protection of life through insurance cover. Higher level of protection implies that customers are more conscious of the need for risk mitigation, grater security, and about the future of their dependents. Insurance sector has been evolving and improving its underwriting and risk management abilities.

Methodology

The applied research design of the present study is purely descriptive in nature because of the following reasons namely it has its own confined objectives and also predetermined methodology. It is portraying the profile of respondents, various factors leading to purchase health insurance, and analyse the factor influence the attitude of customers towards health insurance policy. The questionnaire has sent to 250 health insurance policy holders. The response rate on the questionnaire among the non managerial employees is only 78 per cent. Hence, these 195 health insurance policy holders had been taken as a sample for the present study. The present study is completely based on the primary data. The secondary data collected from the books, journals and magazines were used to write the conceptual framework of the study and also the review of literature. The

primary data are collected with the help of structured questionnaire. The questionnaire had been prepared on the basis of the objectives of the study. The questionnaire includes various factors influencing the attitudes among the health insurance policy holders.

In the present study, Kaiser-Meyer-Oklin (KMO) Measure of Sampling Adequacy (MSA) and Bartlett's test of Sphericity were applied to verify the adequacy or appropriateness of data for factor analysis. In this study, the value of KMO for overall matrix was found to be excellent (0.938) and Bartlett's test of Sphericity was highly significant (p<0.05). Bartlett's Sphericity test was effective, as the chi-square value draws significance at five per cent level. The results thus indicated that the sample taken was appropriate to proceed with a factor analysis procedure. Besides the Bartlett's Test of Sphericity and the KMO Measure of sampling Adequacy, Communality values of all variables were also observed.

Communalities	Initial	Extraction
Willingness to help customers and the readiness to respond to customers request	1.00	0.649
Giving caring and individual attention to customers by having the customers best interests at heart	1.00	0.493
Agents and employees who instill confidence in customers by proper behavior	1.00	0.653
Agents and employees who understand the specific needs of their customers	1.00	0.623
Apprising the customers of the nature and schedule of service available in the organization	1.00	0.513
Proving prompt service to customers	1.00	0.547
Agents and employees who have proper knowledge and competence to answer customers specific queries and requests	1.00	0.525
Effective customers grievance redressal procedures	1.00	0.569
Attractive and informative media and theme layout and language of the advertisement	1.00	0.572
Visually appealing materials and facilities associated with the service	1.00	0.426
Easy to get information about insurance policies through T.V., newspaper, internet etc. Rather than agents	1.00	0.338
Staff appeared neat and professional	1.00	0.561
Modern looking updated equipment, fixtures and facilities	1.00	0.523
Provides proper drinking water and sanitary facilities	1.00	0.458
Branch layouts been designed to give more space to the customers to transact business	1.00	0.551
Providing visually appealing signs, symbols, advertisement boards, pamphlets and other artifacts in the branch offices	1.00	0.433
Comfortable physical layout of premises, furnishings and ambient conditions (e.g. Temperature, ventilation, noise, odor) for the customer to interact with official staff	1.00	0.515

Promotes ethical conduct in everything it does	1.00	0.450
High rate of turn on insurance products as compared to the other saving instruments (fixed deposits in banks, national saving certificates etc.)	1.00	0.450
Adequate and necessary personnel/ agents for good customer service	1.00	0.480
Timely revival of lapsed policies, change of nominations, addressed and mode of premium payment etc.	1.00	0.546
Speedy documentation and processes from the time of issue of policies up to the settlement of claims (e.g. Premium and default notice etc.)	1.00	0.440
Number of regular meetings with agents, discussion on each and every aspect of the policy, analysis of various tax aspects etc. In order to buy insurance policy	1.00	0.369
Performing service right the first time	1.00	0.491
Ability of agents to give truthful advice on investments/ tax benefits.	1.00	0.542
Convenient to pay premium on due date	1.00	0.562
Flexible products/ new products that meet customers' needs	1.00	0.564
Marking customers feel safe and secure in their transactions	1.00	0.540
Enhancement of technological capability (e.g. Computerization, networking of operations etc) to serve customers more effectively	1.00	0.489
Adequate and necessary facility for good customer services	1.00	0.441
Wide use of modern and alternative mode of premium payment such as electronic clearing system, payment through internet etc.	1.00	0.610
Appropriate behavior of the concerned staff	1.00	0.598
Convenient location of the branch offices	1.00	0.512
Availability of top official on case of need	1.00	0.429

In order to provide a more parsimonious interpretation of the results, 34-item scale was then Factor analyzed using the Principal Component method with Varimax rotation.

Findings

Factor analysis attempts to identify underlying variables, or factors, that explain the pattern of correlations within a set of observed variables. Factor analysis is often used in data reduction to identify a small number of factors that explain most of the variance observed in a much larger number of manifest variables. Seven factors were identified as being maximum percentage variance accounted. Appropriate behavior of the concerned staff, wide use of modern and alternative mode of premium payment such as electronic clearing system, payment through internet etc., convenient location of the branch offices and adequate and necessary facility for good customer services is grouped as a factor I and it accounts for 8.963% of the total variable. Branch layouts been designed to give more space to the customers to transact business, comfortable physical layout of premises, furnishings and ambient conditions (e.g. Temperature, ventilation, noise, odor) for the

customer to interact with official staff and promotes ethical conduct in everything it does is grouped as a factor II and it accounts for 8.65% of the total variable. Proving prompt service to customers, attractive and informative media and theme layout and language of the advertisement and agents and employees who have proper knowledge and competence to answer customers specific queries and requests is grouped as a factor III and it accounts for 7.788% of the total variable. Agents and employees who instill confidence in customers by proper behavior, willingness to help customers and the readiness to respond to customers request and giving caring and individual attention to customers by having the customers best interests at heart is grouped as a factor IV and it accounts for 7.499% of the total variable. Marking customers feel safe and secure in their transactions, effective customers grievance redressal procedures and availability of top official on case of need heart is grouped as a factor V and it accounts for 6.595% of the total variable. Ability of agents to give truthful advice on investments/ tax benefits and convenient to pay premium on due date is grouped as a factor VI and it accounts for 6.507% of the total variable. Agents and employees who understand the specific needs of their customers and apprising the customers of the nature and schedule of service available in the organization is grouped as a factor VII and it accounts for 5.361% of the total variable.

Conclusion

The study helped in understanding the consumer buying decision process, thereby answering the questions 'why' and 'how' a customer buys insurance policies. It also helped to know the importance given by the customers to the agent's behaviors, knowledge and appearance. After the analysis, the following conclusions can be drawn: When a person evaluates the alternatives available to him while buying an health insurance policy, his most important criterion is whether a company is public or private. Product features and amount of premium are also considered as important criteria to select a particular company. Product features of a health insurance policy like tax rebate, savings, investment and health coverage are strongly considered as determining factors for selecting a company. The factors identified to influence the attitude of customers towards health insurance policy and the companies offered health coverage.

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