

Study on the Factors Influencing Consumer Buying Behaviour Among Individuals in Choosing Health Insurance Products

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ABSTRACT

Adage “Health is wealth” is universally acknowledged. But ensuring better health care for all is both a challenging as well costly affairs, especially with resource-crunched countries like India. However of many tools that can come very handy in funding the health care needs of the people is the concept of Insurance, which is contingent upon many individual as well as socio-economic factors.

The present study examines all those factors that influence the behaviour of the buyer for individual health insurance products. The study was conducted in class one cities, by collecting data via a questionnaire method from a sample size of 150 respondents. The results were shown after analysis and interpreted with various statistical tools. It is observed from the results that there is still low level of awareness and less willingness to purchase health insurance products, in spite of unprecedented need that has been created by the recent covid19 pandemic. Various socio-economic indicators like literacy level, income level, marketing parameters etc and personal factors have a significant impact on the buying of individual health insurance.

Keywords: Health Insurance, Consumer behaviour, buying decisions

INTRODUCTION

Post independent India has witnessed massive expansions in the health care facilities in the way of more than 560 medical colleges, 64 standalone PGIs,(as on 21st May 2020) , besides a plethora of initiatives taken by the both central and state governments. However still our healthcare achievements are only moderate by international standards, with our rank of only 112 among 191 WHO member countries. Besides, our low HDI(Human development Index) rank of 131 (among 189 nations) is also a telling reflection of the poor state of healthcare in India. Various health care services have significantly improved as a result of causes like rising income levels, an ageing population, rising medical costs, diseases caused by lifestyle choices, tax breaks, government incentives, and contemporary distribution channels..

Only approximately 2% of India's total health spending is covered by public or social health insurance, while the remaining 18% is covered by government the budget. Many households are now living below the poverty line as a result of high out-of-pocket health care costs (Yojana, 2014). According to a survey, over three-quarters of medical expenses are covered by personal savings (IRDA, 2020), which frequently forces the poor into a never-ending cycle of debt. Hugh, the Elder Chamberlen, introduced the idea of health insurance in 1694. A well-crafted health insurance plan can reduce financial strain and improve access to high-quality medical care. Numerous studies conducted around the world demonstrate that having health insurance enhances (Jogelkar, 2008; Ranson, 2002; Wagstaff, 2010).

BACKGROUND

The first health insurance product named as “Medi Claim” , was introduced way back in 1986. However, as of now only 38 % of the population has come under its ambit ,out of which 28% is covered by Government sponsored insurance schemes and the rest by Commercial Health Insurance schemes. Health insurance acquired a new growth trajectory post 1999, with the setting up of IRDA in and with the entry of private players, what to speak of the recent COVID 19,pandemic.

Over the decades, initiatives have been taken by the stakeholders, like the governments, insurance companies, technological advancements, research and initiatives taken by hospitals, have brought about various changes in the field of public health and critical medical care as well as consequential changes in the health insurance markets. The recent dreaded COVID pandemic again brought about a big tectonic shift in health care scenario. An unprecedented rise in the awareness and demand for insurance, has caused the introduction of new health insurance products.

The insurance industry in India comprises 34 companies (as of 31st May 2021- including 6 stand-alone health insurance companies), both public sector and private players. In India the total 760826 no of government sponsored schemes including RSBY, Group Insurance Schemes excluding Govt Sponsored Schemes & RSBY 243, 10109103 Individual Family Floater and Individual Other than Family Floater 7062444. It is also noted that 9.35Cr people were insured through government sponsored schemes, including RSBY, with total premium of 25880.83 Cr, and 1.26Cr Individuals Other than Family Floater with a total premium of 6448.90Cr. Out of total number of offices in India, Odisha has a sharing of 3.12% but premium sharing is low at 0.8%, which shows that the purchase for health insurance is not at a desirable level.

REVIEW OF LITERATURE

Yadav and Tiwari (2012) :- For their article “A study on Factors affecting Customers' investment in Life insurance policies”, Yadav and Tiwari (2012) performed a survey in the Jabalpur District of India by interviewing 150 persons about their life insurance policy investment habits. According to this study, "age" and "income" have statistically significant effects on buying life insurance. The respondents listed the justifications for investing in life insurance and also ranked their preferences based on a number of factors, including tax benefits, risk coverage, greater security, and larger returns.

Dash(2013) in the article “A Buyer vs. Seller Perspective of 7P's in Post Liberalization Indian Life Insurance Sector”, he conducted research to analyse the perspectives of many stakeholders, including clients, agents, and executives of both public and private life insurance. He conducted an analysis of consumer purchasing patterns for the purpose of marketing and servicing insurance policies using the 7Ps of services marketing. 207 life insurance executives and 405 life insurance policyholders were questioned about this. It was concluded that "location" and "people's behaviour" were strongly connected with insurance policy purchases by clients.

Rajkumar and Kannan (2014), in their article “Factors Affecting Customers' Preferences for Selection of Life Insurance Companies: An Empirical Study with Reference to Tamilnadu”, assessed the factors that influenced the purchase of life insurance policies. People in Tamil Nadu state of India, they interviewed 135 people. All the components the 7P's framework of service marketing i.e. When the total package of the product—including tax breaks, savings opportunities, and life insurance as well as all seven of the 7 Ps of services marketing—product, price (value for money), place (accessibility), promotion (advertising), people (agent behaviour), physical evidence (office ambiance), and process (complaint redress mechanism) were analysed, it was discovered that they all had an impact on consumers' decisions to buy.

Pooja Kansra & Harinder Singh Gill, (2017), in their article titled “Role of Perceptions in Health Insurance Buying Behavior of Workers Employed in Informal Sectors of India” analyzed the role of perception for enrollment of health insurance by the urban consumers in the informal sectors in Punjab, India. They identified Perceptions factors (like lack of awareness / information, income constraint; comprehensive coverage; future contingencies / social obligations; the necessity of purchasing health insurance, affiliation with government hospitals, and accessibility to subsidized government health care, and preference for government programmes) that could be very important in determining whether or not a household chooses to enroll in health insurance. Only 8 of these 12 factors—such as the knowledge of the necessity of purchasing health insurance, complete coverage, financial constraints, potential future emergencies, and social obligations are present, which were found to be statistically significant to influencing health insurance enrolment decisions. Health insurance policy marketers and policy makers should be aware of these household beliefs and work to provide health insurance products that are tailored to the needs of India's low-income informal sector. Then, the only form of personal security that is truly effective is health insurance.

Chette Srinivas Yadav et al (2018) in the article titled as “Impact of Socio economic Factors on Purchase Decision of Health Insurance: An Analysis” in journal it analyzed the, influence of socioeconomic factors on choosing of

a health insurance company. The study found that, age, gender, income, and marital status, have an impact, and on the other hand, sum assured, premium, occupation, HI cover, and HI type have no relationship in the choice of the selection of health insurance company. , either public or private. These factors were taken in general but comparison between rural and urban consumers and products offered by public and private insurers were not explained.

RATIONALE OF THE STUDY

Though previously many studies have been conducted factoring various contributing personal, socio-economic factors on the purchase decision of health insurance, yet some other major factors like rising consumer awareness, incidence of tropical diseases, rising incidence of life style diseases, entry of private sectors, prevalence of pandemics like COVID, digital platforms, technological revolutions, gradual withdrawal of government from tertiary healthcare and attempts to supply lower-class members of society with health insurance have not been studied adequately. These gaps have necessitated a fresh understanding to the new dynamics; those affect the consumer, especially in class one cities, where the mismatch between high perceived demand due to incidence of higher education and income level, yet less than expected purchase of health insurance product is quite baffling.

RESEARCH OBJECTIVES

The broad aim of this paper is to find out the effect of various personal as well as socio-economic factors that influence the purchase decisions for individual health insurance products and also to comprehend how people purchase health insurance goods mainly focuses on the factors like life style, personality, place of living, aptitude for risk taking, security etc keeping in view various socio-economic conditions.

RESEARCH METHODOLOGY AND COVERAGE

The design of the study was descriptive in nature using the data from primary sources. The primary information was gathered by structured quantitative schedule. Looking at the universe of the data availability and the population of entire health insurance, a random sampling process was followed to collect data from 150 of respondents. The data collection schedule was designed with statements to assess the study variables. The questionnaire comprises personal, socio-economic profile of the policy holders, factors that influence purchase of individual health insurance.

DATA ANALYSIS AND FINDINGS

According to the data, a large percentage of the samples of health insurance users were male. Many respondents are youths having aged between 30 to 50 years and married. The education level with post-graduate degree and were private employees. As far as level of income is concerned, a major proportion of the respondents earned more than Rs 5 lakh each year. It is found that 45% people are aware on health insurance and its benefits but do not own by them, around 24% purchase without proper knowledge. Sources of awareness vary, but the majority of health insured people buy it through agents. The majority of health insurance products were owned by private companies.

The purpose of as understood by respondents, a majority (61%) of the, is that it offers medical security, cashless hospitalization benefits, security for self and family members and protection against lifestyle diseases. Around 71% of respondents have a miss concept that it covers personal accident and financial growth. Almost all respondents have understood it is a tool of task benefit and easy claim settlement.

Table 1: Distribution of data with Mean and Standard Deviation

Code	Measures	\bar{x}	σ
X1	Health Insurance awareness	4.11	0.42
X2	Aware of Health Insurance policies offered	3.53	0.54
X3	Aware of Health Insurance benefits offered by purchased policies	3.77	0.66
X4	Aware of different exclusions	3.36	0.71
X5	Aware on premium breakup	3.87	0.55
X6	Aware on claim of insurance	3.75	0.83
X7	Aware on tie-up hospitals	3.38	0.87

X8	Coverage of illness of both self and family	3.88	0.66
X9	Policy also covers personal accident	3.31	0.68
X10	Health Insurance has a provision of providing salary during hospitalization	3.91	0.43
X11	Health Insurance reduces the risk of medical expenditure	3.49	0.58
X12	Provides financial security for self and my family	3.25	0.76
X13	Health Insurance protects against growing life-style diseases	3.88	0.54
X14	Tax benefits on the premiums paid	3.92	0.69
X15	Prevents loss of property in the event of a serious illness	3.58	0.57
X16	Claims were not taxed under income tax rule	3.67	0.75
X17	Inactive life style leads to illness	3.38	0.66

It is clear from the data that significance of risk coverage has higher relevance than other personal factor attributes. Life style and security were observed to be less significant in decision making of purchase or usage of any health insurance products. When we look at the individual factor awareness on exclusions claim procedures, TPA or third party settlements, tax benefits have higher factor loading and decision making component than other personal factor attributes.

Table 2: Distribution of data for Mean, Alpha and Significance

Sl. No	Factors	Mean	Cronbach's Alpha	F	Sign	Variables
1	Individual health insurance awareness	3.75	0.833	14.377	0.000	7
2	Coverage of Risk	3.13	0.791	13.256	0.000	4
3	Life / Family Security	3.76	0.889	5.121	0.025	2
4	Govt. tax benefits	3.41	0.913	4.9311	0.025	2
5	Changing life style	3.45	0.841	5.112	0.025	03

Examining the initial dimension of a personal component, such as knowledge of insurance and insurance goods. Seven variables make up this, with a mean contribution of 3.75, and all the loading factors are higher than that 0.55. Data reliability is assessed using Cronbach's alpha; a value of 0.899, which is higher than 0.7, is considered acceptable. The factors significantly relate to one another.

Four variables make up the risk coverage parameter, which has a mean of 3.13 and loading factors that are all bigger than .55. Cronbach's alpha, which measures data reliability, yields a result of 0.843, which is satisfactory and higher than 0.7. The factors significantly relate to one another.

Table 3: Factors Loading of Variables Selected on leading Factors (loading criteria >0.5)

Code	Measures	Factor1	Factor2	Factor3	Factor4	Factor5
X1	Health Insurance awareness	0.722				
X2	Aware of Health Insurance policies offered	0.789				
X3	Aware of Health Insurance benefits offered by purchased policies	0.775				
X4	Aware of different exclusions	0.811				
X5	Aware on premium breakup	0.769				
X6	Aware on claim of insurance	0.899				
X7	Aware on tie-up hospitals	0.854				
X8	Coverage of illness of both self and family		0.843			
X9	Policy also covers personal accident		0.812			

X10	Health Insurance has a provision of providing salary during hospitalization		0.826			
X11	Medical expenses were reduced		0.813			
X12	A tool as financial security for me and my family			0.829		
X13	Protects against older life-style diseases					0.792
X14	Tax benefits on the premiums paid				0.844	
X15	Prevents loss of property in the event of a serious illness			0.799		
X16	Claims were not taxed under income tax rule				0.841	
X17	Inactive life style leads to illness					0.826

Two variables make up the personal factor parameter of "self and family security," which has a mean of 3.76 and a standard deviation of 2.46. The loading factors are all bigger than .55. Data reliability is assessed using Cronbach's alpha, and the value of 0.829, which is higher than 0.7, is considered acceptable. The factors don't significantly relate to one another.

The two variables that make up the common parameter for the tax benefit provide a mean of 3.41, and all of the loading factors are higher than that 0.55. Data reliability is assessed using Cronbach's alpha; the value is 0.844, which is higher than 0.7 and acceptable. The factors significantly relate to one another.

Three variables make up the "Life Style" parameter, which has a mean of 3.345 and loading factors that are all higher than .55. The Cronbach's alpha test is used to determine how reliable the data is; its value of 0.868, which is less than 0.7, is acceptable because the overall value of 0.826, which is more dependable, is 0.826. The factors significantly relate to one another.

CONCLUSION

Health insurance as a financial tool plays an important role in addressing the funding crunches in the health care sector, especially in a country like India. However, to be effective in providing the much needed solutions to problems of resource crunches, Insurance as a concept needs to be propagated and its coverage needs to be expanded. This will not only help the insured, but also help in augmenting the mobilisation of savings from the household sectors. However bringing all targeted groups under universal health insurance cover calls for an in-depth understanding of various socio-economic factors, marketing initiatives of the insurers as well as consumer psyche. Understanding such socio-economic factors and changing consumer orientations on health insurance, will also be useful to various governmental/non governmental agencies for providing affordable health care to all.

This study of socio economic factors as well as other contributing factors and their impact on the purchase decision assume significance for the health insurers, who can use these findings to develop new products as well as devise new marketing strategies so as to expand the insurance reach among uninsured segments of society. The findings of this study in understanding various economic factors and changing consumer orientations will be useful for both insurers as well as other stake holders like government agencies etc. for formulating suitable policies as well as providing better health care to different strata of society. This study will not only throw more light in appreciating newer aspects in field of insurance but also be a precursor to future research in the field.

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Annexure: Data analysis tables

Table 4: Demographic details

Indicators	N	%	Indicators	N	%
Gender			Marital Status		
Male	100	66.67	Married	115	76.67
Female	50	33.33	Single	35	23.33
Age			Occupation		
21-30 Yrs	18	12.00	Unemployed	9	6.00
31-40 Yrs	37	24.67	Self employed	19	12.67
41-50 Yrs	55	36.67	Professional	29	19.33
51-60 Yrs	23	15.33	Private employee	38	25.33
above 60 Yrs	17	11.33	Government Employee	34	22.67
			Others	21	14.00
Annual Income			Premium paid per annum		
< 5,00,000	33	22.00	< 12000	19	12.67
5,00,001-7,50,000	36	24.00	12001-15000	52	34.67
7,50,001-10,00,000	41	27.33	15001-30,000	63	42.00
> 10,00,001	40	26.67	> 30,001	16	10.67
Coverage of Health Insurance			Insured Companies		
For Self	39	26.00	Public sector	61	40.67
All Family members	111	74.00	Private organization	89	59.33
Type of Health Insurance			Total Sum Assured		
Group	55	36.67	< 1,00,000	7	4.67
Individual	16	10.67	1,00,001-2,00,000	22	14.67
Family floater	66	44.00	2,00,001-5,00,000	69	46.00
Combination	13	8.67	> 5,00,000	52	34.67
Use of Health Insurance			No of Health Insurance purchased		
Outpatient	40	26.67	Single	97	64.67
Inpatient	110	73.33	More than one	53	35.33

Table 5: Understanding health insurance product awareness

Awareness about health insurance	Particulars	Frequency e	Percentage
	Not Aware/ not exposed	33	22.00
	Aware/exposed and subscribed	53	35.33
	Aware/exposed and unsubscribed	64	42.67
	Total	150	100.00
Sources of Awareness	Particulars	Responses	% of Responses
	TV	68	45.33
	Newspaper	43	28.67
	Agents	101	67.33
	Family/ Friends	37	24.67
	internet	56	37.33
	Employee of insurance	26	17.33

	company		
	Tax consultants & Doctors	54	36.00
	Any other	33	22.00
Type of institute is purchased	Private	76	50.67
	Govt	63	42.00
	Others	11	7.33
	Total	150	100.00