Constraints and Challenges in Marketing Health Insurance Product in Rural market of Maharashtra"

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Abstract

Increase in medical cost becomes the biggest challenge in front of the limited income families. Especially in rural market there is very less percentage of health coverage through insurance. An attempt has been made to understand the factors affecting less subscription of health insurance and consumer buying behaviour towards purchase of health insurance in rural market of Maharashtra. A Cross sectional research was conducted. Data was collected through structured questionnaire and results were interpreted with statistical analysis.

Keywords-Health Insurance, Rural Market, Less subscription, Consumer buying behaviour etc.

Introduction:-

It is said that **"Health is Wealth".** Today everyone is running after fulfilling his/her unprecedented wishes, dreams and demands by earning the money. It is observed especially in urban areas as well as middle and upper middle class families in rural areas. Rise in income of middle class families is one of the major reasons behind this. During accomplishing the dreams and earning the money people are ignoring their health. Lack of Physical exercise, unbalanced and untimed diet, demand of Fast food and extreme work stress causes many diseases and disorders among the common man.

Hospitalisation charges are also increasing day by day. In an average one year's saving of salaried person will get exhausted with one week's hospitalisation expenditure. In this situation there should be provision of such a cost that could cover the risk of one's illness and diseases. In today's fast life there are much more chances of illness, diseases and other medical problems. Hence people should give more focus on saving their life from such challenges. Health insurance could be one of the measures that could save the extreme cost of hospitalisation expenses. But in India people hesitate to buy health insurance and ignore their risk of illness. Urban area is

comparatively in a better position than rural areas customers. Hence an attempt has been made to identify the different reasons for not purchasing health insurance in rural market of India.

Objectives:-

Objectives of the research serve the purpose to conduct the study. Following are the objectives of the study.

1. To understand the level of awareness of health insurance among rural customers.
2. To analyze buying intention of customers towards health insurance.
3. To identify various factors affecting subscription of health insurance in rural market.
4. To find different obstacles/Barriers that restricts rural customers from buying health insurance.

Hypothesis:-

1) H0:- "There is no significant relationship between Income of the respondents and buying of health insurance."

2) H0:- "There is no significant relationship between cost of health insurance premium and buying of health insurance."

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Literature Review:-

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1) Candida A Quadros (2014) conducted a research with the objective to asses different parameters that affects on purchase of health insurance. Researcher focus on the rising cost of health insurance with rise in income of the individual. Researcher explored that underdeveloped countries like India where the percentage of health insurance covered respondents are very less in number as compared to developed countries. Researcher tested five hypotheses with considering the factors like gender, age, income, marital status and respondent's education level. Study found that low salary, awareness, lack of knowledge of insurance agents, hospitals covered, and diseases covered were the most important barriers in buying health insurance.

2) Suman, Dr. Vazir (2015) Out of Pocket expenses in health care spending is a normal behavior among the Indian customers. Researcher focused on this point by systematic study. According to researcher most of the respondents spends hospitalization charges through their

pocket instead of having through risk cover health insurance. Researcher suggested to respondents to adopt the health insurance to cope up with huge cost of medical expenses. Researcher discussed the challenges for health insurance sector like no enough statistical data for planning and management of health insurance, ineffectiveness of IRDA, adverse selection of health insurance policies, Lack of awareness of health insurance, Lack of attention towards rural market etc.

3) Dr. Sumninder Kaur, Ruchita (2011) Awareness of the health insurance and willingness to pay for it were the factors taken in to current study. Study finds that there was a low level of awareness of health insurance as well as low level of willingness to join among the respondents in Punjab state of India. Study observed that demographic factors like age, gender, occupation, education, source of income and willingness to buy the health insurance were the major factors contributing towards high penetration of health insurance in India. Study observes that not covering all diseases, lack of association with local hospitals, expectation from employers contribution, no seriousness were some factors that could be seen as barriers in health insurance subscriptions.

4) Prof. Suraj, Prof. Nirav (2015) Perception of the respondents towards purchasing of health insurance was the theme of the research paper in which researcher studied purpose of buying health insurance and factors affecting the health insurance. It has been observed that most of the respondents purchased health insurance from public sector health insurance providers. Most of the respondents were in favor of purchasing health insurance of having the premium between Rs. 500 to 1000.   Self decision was observed as the main motivating factors that help in purchasing health insurance.

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Research methodology:-
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Research Design:-

Research design for the current study was explorative –Cross sectional research design. Here data was collected from the respondents once and inferences were drawn. A Survey was conducted among the respondents to understand the barriers and obstacles in buying the health insurance.

Sampling Size and Sampling Method:- Sample Size-421

Population of the study was the entire rural areas respondents of Maharashtra. As the population was indefinite, hence considering sampling formula with 95% of confidence level and 5% of significance level minimum 384 respondents were needed.

Total 500 respondents were approached and 421 respondent's responses were collected.

Sampling Method considered for the study was area sampling.

Data Collection:-

Primary as well as Secondary data was collected for the research study. Various sources of the data collection were as follows.

Primary Data:- Primary data was collected through structured questionnaire. A Questionnaire consisting of objective type of question including various likert scale.

Secondary Data:- Secondary data was collected through earlier research work, research papers, books and research journals etc.

Data Analysis: - Data analysis was done using Frequency tables, Charts, Tables, Mean, Standard deviation and Chi-square test.

Data Analysis:-

Demographic Information:-

Demographic Factors		Frequency	Percentage
Gender	Male	341	81%
	Female	80	19%
Age	Up to 20	37	9%
	20 to 30	147	35%
	30 to 40	145	34%
	40 to 50	57	14%
	More than 50	35	8%
Occupation	Salaried	223	53%
	Business	120	29%

	Retired	23	5%
	Farmer	55	13%
Income	Up to 3 Lakhs	43	10%
	3 to 5 Lakhs	232	55%
	5 to 7 Lakhs	127	30%
	More than 7 Lakhs	19	5%

Hypothesis Testing

Hypothesis 1:-

1) H0:- "There is no significant relationship between Income of the respondents and buying of health insurance."

1) H1:- "There is significant relationship between Income of the respondents and buying of health insurance."

Hypothesis Test:- Chi-square test

Chi-Square Tests Income*Buying of Health Insurance			
	Value	**df**	**Asymptotic Significance (2-sided)**
Pearson Chi-Square	16.759[a]	12	0.000
Likelihood Ratio	18.243	12	0.000
Linear-by-Linear Association	5.857	1	0.005
N of Valid Cases	421		

From the above chi-square statistics it has been observed that two factors were taken in to consideration to test the hypothesis. Those were Income and Buying of health insurance. Chi-square test was run to test the association between these two factors with 95% of confidence level and 5% of significance level. Chi-square value was observed as 16.759 and p-value was 0.000. Here p-value is less than 0.05(Significance level). Hence it supports to alternative hypothesis. Therefore null hypothesis is rejected and Alternative hypothesis is accepted. From the result it can be inferred that higher the income higher is the chances of buying the health insurance.

Hypothesis 2:-

2) H0:- "There is no significant relationship between health insurance premium and buying of health insurance."

2) H0:- "There is a significant relationship between health insurance premium and buying of health insurance."

Hypothesis Test:-

Cross tabulation and Chi-Square test

		Buying Health Insurance					Total	Chi-Square Value	Degree of Freedom	P-Value
		Definitely I will Buy Health Insurance	I will buy health insurance	I May buy health insurance	I need to think over buying health insurance	I will not buy the health insurance				
Premium of Health Insurance per Month (Rs.)	Up to Rs. 500	34	44	7	5	0	90	24.237	16	0.0034
	Rs. 500 to Rs. 1000	21	32	43	32	7	135			
	Rs. 1000 to Rs. 1500	13	24	14	32	9	92			
	Rs. 1500 to Rs. 2000	12	10	12	4	14	52			
	Rs. 2000 to Rs. 2500	7	10	2	4	29	52			
Total		87	120	78	77	59	421			

Above mentioned cross table shows the frequency under each head considering two factors buying health insurance and premium of health insurance. Chi-square test of association runs in SPSS with keeping 95% of confidence level and 5% of level of significance. Result shows that p-Value is 0.0034 which is very smaller than 0.05. Hence it rejects the null hypothesis and accepts the alternative hypothesis. Therefore alternative hypothesis i.e. "There is a significant relationship between health insurance premium and buying of health insurance."

Other Significant barriers observed in the research are as follows

Sr. No.	Barriers	Mean	S. D.
1	**Lack of Awareness**	4.21	0.66
2	**Less Salary**	4.64	0.73
3	**Not covering local hospitals**	3.89	0.54
4	**Employers responsibility of premium contribution**	3.92	0.63
5	**Costly Premium**	4.34	0.59
6	**Negligence**	3.74	0.79

Total 16 factors were provided to understand the barriers in subscription of health insurance. Five likert scales was used for responses. 1 for strongly disagree to 5 strongly agree. Mean and Standard deviation was calculated. Standard deviations for all those factors were less than 1 which depicts those respondents responses are close to mean values. Most significant factors on the basis of mean and standard deviation were observed as above.

Suggestion:-

1. Health insurance should focus equally on rural consumers as there is a sufficient potential for business.
2. Premium of the health insurance should be affordable to the rural consumers as their income is less as compared to urban consumers.
3. Awareness program should be implemented in rural areas and importance of health insurance subscription should be communicated.
4. Government's schemes of health insurance are not reached to poorer hence there should be proper mechanism to cross verify that poor families are get covered with governments schemes of health insurance.
5. All local hospitals are not covered under health insurance provided by private company insurance; hence companies should provide convenience to the consumers by linking these local hospitals.

Conclusion:-

Today health insurance becomes the need of the people as there is inconsistence and limited income, increase in hospitalization expenses and lifestyle that consumers adopting. Awareness [i] of the health insurance and its importance is a major challenge in rural areas consumers. Income, education, premium of health insurance has greater influence on buying behaviour of health insurance. Most of the respondents purchased health insurance with the purpose of protecting high and unexpected hospitalization cost. In rural areas there is a need to align the nearby hospitals with the health insurance services. Study concludes that there is great scope for health insurance in rural market as there are potential customers. Health insurance companies should focus on diseases coverage, premium of health insurance and benefits of health insurance.

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