



An Empirical Study on Marketing Challenges Faced by Health Insurance Sector

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ABSTRACT

The paper determines various challenges faced by marketing professionals. More and more insurance facilities are made available in every part of the country even to small cities, towns and rural areas. With the growing awareness among the people about the insurance, various services provided by the companies and availability of insurance facilities across the globe, the insurance sector is emerging very rapidly and there is a need to identify the main factors that affect customer's choice for an insurance company.

Keywords---Health insurance, Rural area, Consumer goods

I. INTRODUCTION

The insurance industry in India has visibly progressed since the time when businesses were tightly regulated and concentrated in the hands of a few public sector insurers. Following the passage of the Insurance Regulatory and Development Authority Act in 1999, India abandoned public sector exclusivity in the insurance industry in favor of market-driven competition. This shift has brought about major changes to the industry.

The new era of insurance development has seen the entry of international insurers, the proliferation of innovative products and distribution channels, and the raising of supervision standards. The major growth factors are increase in working population with high disposable income, focus on investment for secure future of self and family, higher usage of consumer goods, travel, automobiles, facilities which are underlying drivers of various insurance lines, competition and orderly growth and growth of specific insurance segments like health, motor and micro insurance. •

However, there are large untapped areas, which have yet not benefited from the upside of insurance. Imparting financial literacy, incentivizing Indian households to transfer savings from physical assets to

financial assets and taking the distribution network to rural areas are expected to help bring more and more individuals within the insurance ambit. While insurance penetration in India is higher than that in countries such as China and Brazil, it still has a considerably long way to go.

The health insurance in India can be viewed as a problem worthy of attack proving its worth by hitting back. Despite the numerous efforts by government, IRDA and the insurance companies, it is presenting unique challenges. There is a need for all the stakeholders to collaborate and come up with unique initiatives so that this tremendously important service can be delivered to the needy in an efficient manner.

With the entry of private sector insurance companies the number of insurance companies in all over the country has gone up. High level of competition is the most important factor in influencing the structure and activities of the insurance system around the globe. More and more insurance facilities are made available in every part of the country even to small cities, towns and rural areas. With the growing awareness among the people about the insurance, various services provided by the companies and availability of insurance facilities across the globe, the insurance sector is emerging very rapidly and there is a need to identify the main factors that affect customer's choice for an insurance company. Now there are more choices with customer to select public or private sector company with respect to products and services offered by them.

Health insurance sector are posed with various challenges which has inhibited the growth and development of this sector in the country. These challenges vary from awareness of health insurance among population especially rural areas to convincing aware customer to buy HI coverage, insufficient consumer profile and data of disease pattern, lack of regulatory aspect and policy framework, fraudulent claims, malpracticing of TPA's, product innovation and customization, low income and

affordability of people, etc. Insurance industry has to work upon various challenges and problems faced by its present and prospective policyholders as well as challenges faced by it while marketing its products.

Health is a human right. Its accessibility and affordability has to be ensured. The escalating cost of medical treatment is beyond the reach of common man. While well to do segment of the population both in Rural and Urban areas have accessibility and affordability towards medical care, the same cannot be said about the people who belong to the poor segment of the society. There is also a need for innovative, cost effective health insurance products for senior citizens which cater effectively to their needs.

With the entry of private players in insurance sector, Health Insurance market has become highly price sensitive. It is facing inflationary pressure on medical treatments and claims related to it.

Regulatory aspects of HI companies and standardization of purchase and claim settlement mechanism is also a challenging aspect for providers as well as consumers.

One of reason for dissatisfaction and discontinuance of policy is the time consuming and cumbersome documentation procedure both at the time of purchase as well as at the time of claim settlement. Companies need to understand the psychology of customer who is facing health problems at the time when he requires the support of Insurers most.

Lack of Proper training and development of sales force also hinders the growth of this sector. They should be trained timely and effectively supported by industry best incentive schemes so as to cover untapped market and to provide effective and efficient customer services.

Majority of rural India people lives below poverty line and they are incapable of affording the expenses on medical needs. Health insurance is a tough task for these people. The condition of illness not only deprived them from earning but also pushes them into deep debt. Even though they are well informed about the benefits of HI they are unable to buy this. So biggest challenges for the insurers are firstly to make them aware and convince them, as there is a huge difference in the perception and decision making of rural and urban population regarding HI.

Many times it also happens that even all details have been provided by sales executive of company or agents, while buying the policy customer thinks that all types of disease will be covered while actually it is not so, but at the time of claim settlement they deny that complete information is not provided to them and expects the claim settlement in all situations. This creates more problems for companies. To avoid this more awareness campaign should be launched by companies in major media sources like print and TV advertisements.

Customer does not disclose preexisting disease as they afraid of increase in premium charges and even denial

of policy in certain cases. This creates problem for companies at the time of claim settlement.

Various features like waiting period clause, Copayment, Cashless facility, coverage of diseases, Number of branches of company are some of the major challenging areas which companies need to work upon for their advantage.

Health Insurance Portability has given the policyholders an option to switch their policy from one company to other carrying same benefits with added advantage they found over in other companies.

II. LITERATURE REVIEW

Indian insurance industry has come a long way since the days of private dominance and Government monopoly in more than a century. The establishment of Insurance Regulatory and Development Authority in 1999 and subsequent entry of foreign and private players has changed the entire insurance landscape of the country. Professionalism and the technologies brought in by the foreign players have forced the hitherto sluggish and complacent players to devise their strategies from company-business-oriented to customer satisfaction-oriented (Hole and Misal, 2013) and that are progressive in nature. But unfortunately, most of the strategies are far more of survival than growth oriented

Because of the inseparability and intangibility features of services, customer service in service businesses is usually more important than in manufacturing companies. In recent years thrust on efficient customer service has increased manifold in the services sector because of increased competition from private players, improved technologies, and growing customer sophistication. For example, in the insurance sector, the private players (Prudential & Standard Life of the UK, Sun Life of Canada and AIG, Met Life and New York Life of the US) are making strides in raising awareness levels, introducing innovative products and increasing the penetration of the market. Some insurers, such as ICICI Pru Life, have fulfilled their mission to be a scale player in the mass market by introducing a range of thirteen products to meet the need of each customer in the effort to serve them better. Many others have taken a more focused approach, introducing select products that they believe hold potential and fill market gaps (Sharma, 2002). Shikha Sharma, (2002) 'Changing face of life insurance in India', *Insurance Chronicle*, (Dec.), pp. 24-27

Krishnamurthy. S, Mony S.V, Jhaveri. N, Bakhshi. S, Bhat. S and Dixit M.R (2005), in the paper titled, "Insurance Industry in India: Structure, Performance and Future Challenges", clearly explained the status and growth of Indian Insurance Industry after liberalization and also presents future challenges and opportunities linked with the Insurance.

Insurance is the backbone of country's risk management system and influence growth of an economy in several ways. Penetration of Insurance largely depends on availability of Insurance products, insurance awareness and quality of services. The future growth of this sector will depend on how effectively the insurers are meeting the expectations of their customers and able to change the perceptions of the Indian consumers and make them aware of the insurable risks. The paper has also drawn attention on emerging structure, role of banc assurance, agents and customer services in the success of life insurance business. Fishbein and Ajzen's (1975) theory of reasoned action is part of the "buyer behavior school" of marketing theory (Sheth, Gardner, & Garrett, 1988, p. 110). This school focuses on customers in the marketplace in two ways. These are, first, in terms of customers' personal demographic characteristics, and second, possibly more important, in terms of why customers behave in certain ways. That is, "How do customers and consumers really behave?" (Day & Montgomery, 1999, p. 3). Sheth et al. (1988) assert that the buyer behavior school "has had the greatest impact on the discipline of marketing," except possibly with the exception of the managerial school (p. 110). In today's marketplace, with the growing attention to the consumer's wants, needs, and desires and especially seniors' greater buying power (Marcus & Thomson, 2001), the study of consumer behavior becomes increasingly important for both theory and practical application in marketing.

M. Rajkumari (2007) in the paper titled "A Study on Customers' Preference towards Insurance Services" examined the awareness, satisfaction and preferences of customers towards various Insurance services. The study has been undertaken by the researcher in order to identify the customer's attitude towards purchase of insurance products and services formats available through banks. He also gave suggestions to improve customer awareness on performance of banks in selling insurance policies

Kumar (2006)50, "Bancassurance - Opportunities and Challenges in India", First Edition, Hyderabad ICFAI publication has clearly mentioned in its book that how banc assurance will be beneficial for banks, insurers and customers and also present challenges and opportunities of banc assurance in India. He identified cultural differences between banks and insurance companies could pose a major challenge to the growth of banc assurance. Large customer base and people trust on bank is the main opportunity for the banks as a distribution channel for insurance companies. (Kumar, R (2006). "Bancassurance: Opportunities and Challenges in India", Bancassurance: Trends and Opportunities, ICFAI publication, Hyderabad, 2006, pp. 176-178.)

Rachna Agrawal and Anubhuti Hajela (2012)58 in their study 'Bancassurance -A Challenging Convergence in Indian Prospective' observed that the

expectations of the customers are not met on all the parameters by the banks that provide the bancassurance services. Most of the customers are not satisfied with trustworthiness, convenience, product knowledge, attention by the bank employees and access. Bank employees are usually over-burdened by their load itself and they are not much interested to participate in selling and Review of Literature 49 promoting insurance products. The financial benefits do not come directly to the employees' pocket. Therefore interest is automatically lost. There is also lack of awareness which can be dealt with proper advertising.

According to J. Campbell Alexandra, 2003," While increasingly demanding customers have prompted many firms & corporation to implement better sales programme, little is known about the internal processes that assist corporation-wide learning about individual customer services.

According to an article published in Business Standard complaints against health insurers rise 2% in FY15. The number of customer complaints against health insurers, the second-largest portfolio in the Rs 87,000-cr non-life insurance industry, went up by 2 per cent to 25,600 in fiscal year 2015 over the previous year.

According to data from General Insurance Council around 11,000 or 44 per cent complaints registered in 2014-15 were related to claim settlement, up from about 10,000 complaints in 2013-14. The health segment commands 25 per cent of the non-life insurance business.

The literature survey is made to get an insight of the relevance and scope of the insurance business. It also probes into how characteristics of private and public sectors influence insurance sector. The review of past studies is also made to find out and summarize the various variables affecting HI sector.

2.1 Research Objectives:-

- To determine the various challenges faced by insurance professionals in marketing of Health insurance products.

III. RESEARCH METHODOLOGY

The various steps are enumerated here under:

Research Type: Exploratory and Descriptive Research.

Universe: The sampling units comprised the identified groups of employees from various health insurance companies.

Sampling Size: The sample size of employees from insurance companies is 300

Sampling Method: For the purpose of this research, judgment sampling and convenience sampling were used.

Data Collection: Primary data has been collected by developing a Structured questionnaire and the data had

been filled by 300 employees and individuals working for an insurance company or selling health insurance products in some form of the authority like agents and executives authorized by insurer. Both mode (online and offline) of collecting the responses from the respondents used. For the online collection, the Google Docs form had been created and through Emails, the respondents were communicated and for the offline mode, personally time was taken and through hard copy the questionnaires were got filled. For the collection of reviews, the researcher has studied national and international journals, articles, books and internet.

Various questions have been asked to the respondents related to the awareness of HI among customers, difficulty in convincing customers to buy HI products, availability and accuracy of sufficient database on consumer profile and disease pattern, misspelling by agents, regulation and accreditation of health care

providers like hospitals and health centers etc. 32 variables have taken for study. Data is analyzed on SPSS 20 software and results are interpreted further.

Data Analysis and Interpretation:

Statistical Tools:, Factor Analysis was applied to analyze the data and extract the required factors as a result. The following is the discussion on each of the parameters of the marketing challenges faced by health insurance companies. Out of 32 items on questionnaire scale, seven factors have been extracted contributing more towards challenges faced by both private and public insurance companies. The factor analysis generated seven factors explaining 66.46% of the variability in the original data. Factors identified were Price sensitiveness, Quality of services, Claim settlement procedures, Regulatory aspects, Difference in premiums, Product Features and customization of products/services

TABLE 4.52: FACTOR ANALYSIS (LOADINGS WITH VARIABLES) ON FACTORS AFFECTING CHALLENGES IN HEALTH INSURANCE SECTOR

Factors	Variance explained	Variables	Loadings	Eigen Values
Factor 1 Price Sensitiveness	17.390%	1. Awareness about HI and its benefits 2. Difficult to convince people 10. considering the low income group and affordability of people 11. market is highly price sensitive 12. health insurance market is facing inflationary pressure 20. Health Insurance Portability 30. increases premium costs/ policy rejection creating dissatisfaction 31. TAT time for claim approval	.698 .726 .745 .694 .763 .537 .659 .723	5.565
Factor 2 Quality of Services	28.067%	3. Insufficient/Inaccurate data 7. TPA's are malpracticing 17. Proper training and development 25. Insufficient no. of branches for handling customer queries and services. 18. Better incentives plans	.535 .745 .813 .668	3.417
Factor 3 Claim Settlement Procedures	38.519%	13. procedures of purchase and claim settlement 14. health care providers and insurance companies should be more regulated 15. Documents requirement and time consuming process of claim settlement 21. Discount on non covered services	.768 .768 .769 .718	3.345
Factor 4 Regulatory aspects	48.945%	5. Lack of regulation and Accreditation of health care providers (hospitals/health centers) 6. Fraudulent/ Excessive claims cases	.772 .805	3.336

Factor 5 Difference in Premiums	55.054%	19. difference in the perception and decision making of rural and urban population 26. Difference of premium between public sector and private sector companies 27. claims settlement in all situations	.699 .553 .613	1.955
Factor 6 Product Features.	60.903	32. Understanding of customer related to kind of disease which are covered and not covered (especially genetic disorders) 29. Waiting period clause in the health policy 22. Medium term insurance policy 23. Cashless facility	.717 .735 .758 .567	1.877
Factor 7 Customization of products/ services	66.463%	8. companies are lacking product innovation/customization 9. costly affair to educate the unaware customer 16. need to utilize new technological innovations	.509 .549 .537	1.779

Descriptive Analysis:-

Following factors are identified as a challenges faced by the health insurance sector:

1. Price sensitiveness: It is observed that with the introduction of Private sector companies in insurance market competition has been highly tightened. Product prices are very competitive and customer has become highly price sensitive. They compare each and every benefit with respect to the premium charged. This factor reflects that among other variables ,variable 12 is the strongest and explains 17.39% variance and has total factor load of .763.This signifies that inflation does affect selection of policy by customer and thus poses a challenge to health insurance companies. Apart from this low income group, affordability of HI products, difficulty to convince people, TAT for claim approval, understanding of diseases covered under policies by customer, increased premium cost and policy rejection creating dissatisfaction among customers are other major challenges faced by public sector and private sector companies.

2. Quality of Services: This Challenge comprises of various variables affecting quality of services provided by insurance companies. The strongest among all is proper training and development to company's sales force should be provided to covered untapped market, this explains 28.06% variance and has total factor load of .813. Lacking which leads to poor services and hence customer dissatisfaction. Other major challenges affecting quality are Insufficient/Inaccurate data on consumer profile and disease pattern is a major constraint in product pricing and development, complaints arises from misspelling or poor services by agents and TPA's, TPA's are mal-practicing while settling the claims especially cashless settlements, and Insufficient no. of branches for handling customer queries and services.Data displays that variable 17 is the strongest and explains 28.06% variance and has total factor load of .813.

3. Claim settlement procedures: One of the biggest challenges for HI companies is Claim settlement

procedure. This challenge occurs due to the non standardization of procedures of purchase and claim settlement of HI, the health care providers and insurance companies should be more regulated. Similarly, documents requirement and time consuming process of claim settlement are so lengthy that it leads to dissatisfaction and discontinuance of policy, Non applicability of discount on uncovered services and non disclosure of pre-existing disease by the customers leads to difficulty in proper and justified claim settlement. Data displays that variable 15 is the strongest and explains 38.51% variance and has total factor load of .769.

4. Regulatory Aspects: Regulatory aspects here refers to regulation and accreditation of health care providers (hospitals/health centers) by authorized body is still lagging behind which is one of the main hindrances in providing quality services, also because of this fraudulent/excessive claims cases are arising.. Hence it becomes difficult for companies to convince customers. Data displays that variable 06 is the strongest and explains 48.94% variance and has total factor load of .805.

5. Difference in premiums: This factor reveals the following challenges for marketers: there is a huge difference in the perception and decision making of rural and urban population regarding health insurance, difference of premium between public sector and private sector companies creates a big challenge for companies; and customers expects claims settlement in all situations without understanding the details of the claim settlement procedures. Data displays that variable 19 is the strongest challenge and explains 55.05% variance and has total factor load of .699.

6. Product Features: This is again one of the biggest challenge faced by HI companies .It is being observed that Generally while buying policy customer are instructed to study all terms and conditions but because of various reasons like lack of time , unawareness, ignorance, trust on sales personnel etc. customer don't go into minute details of policy contract. Hence at the time when claim arises if

customer is denied of settlement if disease is not covered customer starts blaming company and doesn't try to understand that the particular disease or treatment of disease is not covered (especially genetic disorders). Hence it creates big challenge for companies to make that understand to customers. Also waiting period clause in the health policy varies from company to company and policy to policy, this also is a great problem to convince customer. It is also found that respondents also look for Medium term insurance policy which is not in the product profiles of most of the company and cashless facility is also only available in major hospitals. Data displays that variable 22 is the strongest and explains 60.90% variance and has total factor load of .758.

7. Customization of services: This challenge explains the following variables: companies are lacking product innovation/customization, it is a costly affair to educate the unaware customer regarding HI and thirdly companies need to utilize new technological innovations for providing better services to consumers. Data displays that variable 9 is the strongest and explains 66.46% variance and has total factor load of .549.

Findings of the study:-

1. Increased competition in insurance sector has results in price sensitivity of the customer. He evaluates very carefully any plans or policy whether it belongs to private sector or public sector before buying and wants value for money.
2. Quality of services is required in each and every aspects of service marketing. Insurance is yet to achieve its popularity on this parameter as generally customer who is already suffering from any health issues gets easily dissatisfied if an even single expectation is not fulfilled.
3. Insufficient data and inaccurate information on consumer profile and disease pattern makes marketing professionals helpless to provide expected level of service as this hampers product development and its pricing.
4. Poor services by agents, mal-practicing by TPA's in claim settlement, insufficient no. of branches are other issues challenging to marketing of HI products.
5. Non standardized and time consuming procedure of Purchase and claim settlement, rigorous document requirements sometimes dissatisfy the customer resulting in non purchase or surrender of policy.
6. Health care providers should be regulated and accredited by various health regulatory bodies. Billings and claim settlement procedures should be regulated so that fraud practices can be controlled.
7. Rural and urban customers have different thought process and this should be kept in mind by marketers of HI plans. It becomes challenging to convince each type of customer on pricing or premiums charges of policies and benefits they carry. Sometimes customer wants claims settlement in all situations without understanding the details of the claim settlement procedures this creates big challenges for HI employees.

8. Buying HI without understanding minute details of plans or policies sometimes lands customer into problem. What he expected will not result and then he blames on company for this. Hence marketing professionals should try their level; best to explain each and every feature to customer and then only should execute the contract.

9. Medium term policies should also be introduced by companies in their product portfolio.

10. It was found during study that sometimes a single policy is not sufficient for customer to cover his need and he has to buy various other policies this creates dissatisfaction. So there should be an option of product customization so that customer can get added benefits from same policy even if he has to pay extra premium.

IV. CONCLUSION

The research objective was to determine various challenges faced by marketing professionals of HI sector while selling their products. It was found that now a days because of increased awareness of HI it is not so difficult to convince people to buy HI policy but the main thing is to provide them such innovative products which cover all their needs and hassle free services. If companies succeed in this, various challenges get vapour out selves. There will be an ease in the marketing environment of Health insurance sector.

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