

A STUDY ON HEALTH INSURANCE SCHEMES OF SELECT HEALTH INSURANCE COMPANIES IN INDIA

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Abstract

Health insurance is insurance against the risk of incurring medical expenses among individuals. By estimating the overall risk of health care and health system expenses, among a targeted group, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement. The benefit is administered by a central organization such as a government agency, private business, or not-for-profit entity. According to the Health Insurance Association of America, health insurance is defined as "coverage that provides for the payments of benefits as a result of sickness or injury. It includes insurance for losses from accident, medical expense, disability, or accidental death and dismemberment"

Keywords:

Health insurance, risk, Sickness or injury etc..

INTRODUCTION

Health insurance in a narrow sense would be ‘an individual or group purchasing health care coverage in advance by paying a fee called premium. The health insurance market in India is very limited covering about 10% of the total population. Health insurance expenditure in India is roughly 6% of GDP, much higher than most other countries with the same level of economic development. Of that, 4.7% is private and the rest is public. In private insurance, buyers are willing to pay premium to an insurance company that pools people with similar risks and insures them for health expenses. The key distinction is that the premiums are set at a level, which provides a profit to third party and provider institutions. Premiums are based on an assessment of the risk status of the consumer (or of the group of employees) and the level of benefits provided, rather than as a proportion of the consumer’s income. In the public sector, the General Insurance Corporation (GIC) and its four subsidiary companies (National Insurance Corporation, New India Assurance Company, Oriental Insurance Company and United Insurance Company) and the Life Insurance Corporation (LIC) of India provide voluntary insu

HISTORY/ BACKGROUND

Health insurance in India is a growing segment of India economy. In 2011, 3.9% of India gross domestic product was spent in the health sector. According to the World Health Organization (WHO), this is among the lowest of the BRICS (Brazil, Russia, India, China, and South Africa) economies. Policies are available that offer both individual and family cover (WHO, 2013). Launched in 1986, the health insurance industry has grown significantly mainly due to liberalization of economy and general awareness (Financial Express, 2013). By 2010, more than 25% of India population had access to some form of health insurance. There are standalone health insurers along with government sponsored health insurance providers. Until recently, to improve the awareness and reduce the procrastination for buying health insurance, the General Insurance Corporation of India and the Insurance Regulatory and Development Authority had launched an awareness campaign for all segments of the population. Five private sector insurers are registered to underwrite policies exclusively in Health, Personal Accident and Travel insurance segments. They are Star Health and Allied Insurance Company Limited, Apollo Munich Health Insurance Company Limited, Max Bupa Health Insurance Company Limited, Relegate Health Insurance Company Limited and Cigna TTK Health Insurance Company Limited. India rightly brands itself as incredible. The country’s remarkable political, economic and cultural transformation over the past few decades has made it a geopolitical force. Healthcare is one of the industries that marks this

strengthened global presence. As per industry reports, healthcare is poised to grow at an estimated annual rate of 19 per cent to reach USD 280 billion by 2020 with India being recognized as a destination for world class healthcare.

INSURANCE OF INDIA

India became the 10th largest insurance market in the world in 2013, rising from 15th rank in 2011. At a total market size of US\$66.4 billion in 2013, it remains small compared to world's major economies, and Indian insurance market accounts for 2% of world's annual insurance business. India's life and non-life insurance industry has been growing at 20 % double digit growth rates and this growth is expected to continue through 2021.

'Life insurance Indian economy retains about 360 million active life insurance policies, the largest in the world. Of the 52 insurance companies in India, 24 are active in life insurance business. The life insurance industry in the country is projected to increase at double digit compounded annual growth rates through 2019, with targets to reach US\$1 trillion annual notional values by 2021. The industry which reported a growth rate of around 10 percent during the period 1996–97 to 2000–01 has, post opening up the sector, reported average annual growth of 15.85% over the period 2001–02 to 2010–11. In addition, the specialized insurers Export Credit Guarantee Corporation and Agriculture Insurance Company (AIC) are offering credit guarantee and crop insurance respectively. AIC, which has initially offering coverage under the National Agriculture Insurance Company (NAIS), has now started providing crop insurance cover on commercial line as well. It has introduced several innovative products such as weather insurance and specific crop related products. The premium underwritten by the non life insurers during 2010–11 was Rs 42,576 crore as against Rs 34,620 crore in 2009–10. The growth was satisfactory, particularly in the view of the across the board cuts in the tariff rates. The private insurers underwrote premium of Rs 17,424 crore as against Rs 13,977 crore in 2009–10. The public sector insurers on the other hand, underwrote a premium of Rs 25,151.8 in 2010–11 as against Rs 20,643.5 crore in 2009–10, i.e. a growth of 21.8% as against 14.5% in 2009–10.

GROWTH OF HEALTH INSURANCE

Health insurance in India is a growing segment of India's economy. In 2011, 3.9% of India's gross domestic product was spent in the health sector. According to the World Health Organization (WHO), this is among the lowest of the BRICS (Brazil, Russia, India, China, and South Africa) economies. Policies are available that offer both individual and family cover. Out of this 3.9%, health insurance accounts for 5-10% of expenditure, employers account for around 9% while personal expenditure amounts to an astounding 82%.

STATEMENT OF THE PROBLEM

The growth of health insurance in India requires a better understanding of the perceptions of healthcare providers and the stakeholders. Given the lack of affordability of the poor, low penetration of health insurance, any attempt towards attaining the universal healthcare should be necessarily undertaken. The problems at the grass root level should be identified and cured at the infant stage itself. Merely because of the fact that the insurance premium is subsidized by the Government, the ultimate beneficiaries should not be deprived of the due benefits.

SCOPE OF THE STUDY

This present study is concerned with the Health insurance schemes of selected companies in India in order to analyze the position of the individual company are to be calculated and also analyze the company's claims, settlements and premium.

OBJECTIVES OF THE STUDY

1. To examine the growth of health insurance premium and claims in India.
2. To study the company profile of the selected health insurance companies in India.
3. To study the Premium, Claims, and Commission of selected health insurance companies in India.
4. To offer the findings, suggestion and Conclusion.

RESEARCH METHODOLOGY

The present study is completely based on secondary data. The required data were collected from the various companies website published but the selected health insurance companies, the published document of annual reports and like the researcher has also visited many libraries and referred to many leading magazine and journals. The main sources of the secondary data are received through the internet. A convenient sample of three companies has taken for the purpose of the study. The required data were collected from the websites.

SAMPLE DESIGN

The sample companies are selected on the basis of convenient sampling method sample of three a company has been selected on the basis of Availability of data for five years. The following companies have been selected for the study:

1. Apollo Munich Health Insurance
2. Reliance Health Insurance
3. Star Health Insurance

STATISTICAL TOOLS USED

Descriptive statistical analysis is used in Compound Annual Growth Rate, Mean, Standard Deviation, Co-efficient of covariance.

PERIOD OF THE STUDY

The present study covers a period of five years from 2011-2012 to 2015-2016 and the essential data for this period have been collected from three companies. The collected information is related to this period only.

REVIEW OF LITERATURE

Shejwalker (1989)¹ in his article “Training in Life Insurance Marketing” discussed the importance of trained agents' force to develop the life insurance business. He stressed that present selection pattern of the agent should be changed. He expressed his opinion that private or independent institute should be invited to impart training to the agents.

Shesha Ayyer.V. (1999)² in his article entitled, “New Insurance products in the next century”, forecasted the importance of insurance cover at old age. He forecasted that because of the advancement of medical facilities and the possibility of aged living, pension scheme would become popular though at a slow pace.

Vijayavani.J., (1999)³ in her prize winning technical paper entitled “Cost effective distribution channels of life insurance products” suggested that to tap policy holders, insurance tie-ups with banks, mutual funds and benefit consultants and brokerage and benefit consultants, company and fund managers can be introduced.

Holsboer Jan H (1999)⁴ investigated the link between insurance sector development and economic growth in context with the recent changes in the external environment for insurance companies in Europe. He developed a model based on the interest rate(r), growth of the working population (n), the economic growth rate (g). The benefits of the pay pension system of the funded pension system were analysed in this model.

Prof. Mike Adams (1999)⁵ and others examined the dynamic historical relation between banking, insurance and economic growth in Sweden using time-series data from 1830 to 1998. They examined long-run historical trends in the data using econometric tests for co integration. The results arrived

¹ Shejwalker.P.C , “Training in Life Insurance Marketing”, Yogashema, August (1989)p.27

² Shesha Ayyer.V., “ New insurance products in the next century” , The Journal of Insurance Institute of India, Jan -June (1999)p.47

³ Vijayavani.J.,”Cost effective Distribution channels of life insurance products”, The Journal of Insurance Institute of India, July-December,1999,p.57

⁴ Holsboer Jan H ‘Repositioning of the Insurance industry in the financial sector and its economic role’, The Geneva papers on Risk and Insurance, Vol.24,No.3, pp.243

⁵ Prof. Mike Adams, Prof.Jonas Andersson, Prof. Lars-Fredrik Andersson and Prof. Magnus Lind mark, “The Historical Relation between Banking, Insurance and Economic Growth in Sweden: 1830 to 1998” by University of Wales, & Norwegian School of Economics, 1999.

indicate that the development of domestic banking, but not insurance, preceded economic growth in Sweden during the nineteenth century. They also found that the development of bank lending in the nineteenth century increased the demand for insurance as well as promoting economic growth. In contrast, the insurance market appears to be driven more by the pace of growth in the economy rather than leading economic development.

Growth of health insurance schemes in India

The Growth Ratio of health insurance schemes in India the percentage of increase and decrease, are exhibited in Table 4.1.

Table-1.1
Growth of Health Insurance in India (lakhs.)

S. No	Year	% Growth	
		public	Private
1.	2005-2006	12.64%	91.84%
2.	2006-2007	23.20%	77.45%
3.	2007-2008	17.48%	129.12
4.	2008-2009	58.68%	60.83%
5.	2009-2010	21.92%	38.58%
6.	2011-2012	32.91%	32.47%
7.	2012-2013	21.69%	12.46%
8.	2013-2014	34.35%	17%
9.	2014-2015	35.24%	18%
10.	2015-2016	36.21%	20%

Source: Compiled from Annual reports of IRDA of different years

From the Table 1.1 its can understand that the growth Rate of health insurance schemes that public health insurance company has highest growth rate in 2015-16 36.21% and lowest value for 2007-2008. The private health insurance company has highest value of 2005-2006 in 91.84% and lowest growth rate 2012-13.

Premium of health insurance schemes in India

The Premium of health insurance schemes in India, growth rate are exhibited in Table 4.2

Table-1.2
Premium of health insurance schemes in India (lakhs.)

S. No	Year	Premium	Growth (%)
1	2005-2006	50387.87	-
3	2006-2007	57098.90	13.31%
4	2007-2008	60361.32	5.71%
5	2008-2009	79422.97	31.43%
6	2009-2010	69529.41	-12.45%
7	2010-2011	82007.05	17.94%
8	2011-2012	83174.03	1.42%
9	2012-2013	84387.09	1.45%
10	2013-2014	85022.12	0.75%
11	2014-2015	87542.21	2.96%
12	2015-2016	89635.32	2.39%
Mean		75324.39	-
Standard Deviation		13655.78	-
Co-Variance		18.12929	-

Source: Compiled from Annual reports of IRDA of different years

From the Table 1.2 its can understand that the growth Rate of Premium of Health Insurance company has highest growth rate of 2008-09 in 31.43 % and lowest value for 2009-10 in 12.45%. The Mean value of premium is 75324.39.

Claims Ratio of health insurance schemes in India

The Claims Ratio of health insurance schemes in India the percentage of increase and decrease, are exhibited in Table 1.3.

Table-1.3
Claims Ratio of health insurance schemes in India (lakhs.)

S. No	Year	Growth (%)	
		public	Private
1	2005-2006	92.34 %	50.75%

3	2006-2007	153.89%	94.63%
4	2007-2008	157.79%	103.42%
5	2008-2009	94.84%	112.36%
6	2009-2010	85.33%	116.6%
7	2010-2011	119.85%	92.22%
8	2011-2012	106.31%	85.15%
9	2012-2013	77.08%	100.28%
10	2013-2014	79.08%	103.21%
11	2014-2015	81.20%	103.25%
12	2015-2016	81.35%	104.23%

Source: Compiled from Annual reports of IRDA of different years

From the Table 1.3 its can understand that the growth Rate of health insurance schemes that public health insurance company has highest growth rate in 2010-11 119.85 % and lowest value for 2013.-2014. The private health insurance company has highest value of 2008-2009 in 112.36% and lowest growth rate 2005-06.

Health Insurance Portfolio in India

Let us try to make projections for next 6 years. We have done this with growth rate of 12%, 20%, 30% & 60%.

Table -1.4
Health Insurance Portfolio

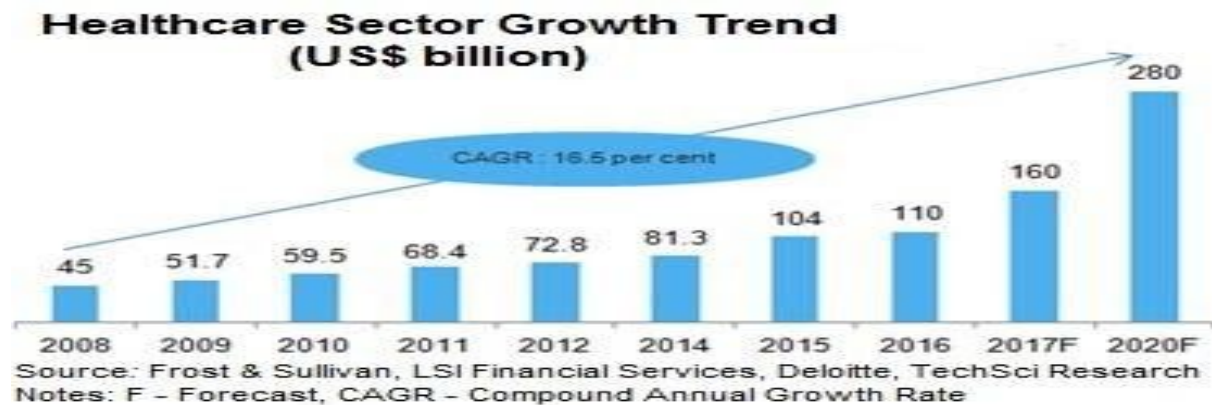
Year	If Growth is 12%	If Growth is 20%	If Growth is 30%	If Growth is 60%
2011-12	13345	13345	13345	13345
2012-13	14946	16014	17348	21352
2013-14	16740	19217	22553	34163
2014-15	18749	23060	29319	54661
2015-16	20999	27672	38115	87458
2016-17	23519	33207	49549	139932
2017-18	26341	39848	64414	223892

Source: <http://www.health insurance india.org>.

Growth in healthcare expenditure in health insurance in India

Healthcare industry is growing at a tremendous pace owing to its strengthening coverage, services and increasing expenditure by public as well private players. During 2008-20, the

market is expected to record a CAGR of 16.5 per cent. The total industry size is expected to touch US\$ 160 billion by 2017 and US\$ 280 billion by 2020. As per the Ministry of Health, development of 50 technologies has been targeted in the FY16, for the treatment of disease like Cancer and TB.



1.5 Level of premium of Apollo Munich health insurance

The Premium of health insurance schemes in Apollo Munich the Growth rate are exhibited in Table- 1.5

Table- 1.5
Level of Premium of Apollo Munich Health Insurance

S.N o	Year	Premium	Growth rate (%)
1	2012	3528540	-
2	2013	4421296	25.30 %
3	2014	5434039	22.9%
4	2015	5568214	2.46%
5	2016	6025438	8.21%
Mean		4995505	-
Standard Deviation		1007816	-
Co-Variance		20.17445	-

Source: Computed

From the Table 1.5 its can understand that the growth Rate of Premium of Apollo Munich Health Insurance company has highest growth rate of 2013 in 25.30 % and lowest value for 2015. The Mean value of 4995505.

Level of claims of Apollo Munich health insurance

The Claims of health insurance schemes in Apollo Munich the Growth rate are exhibited in Table 1.6

Table - 1.6

Level of claims of Apollo Munich health insurance

S.No	Year	Claims	Growth rate (%)
1	2012	2513604	-
2	2013	2619753	4.22%
3	2014	3564360	36.15%
4	2015	3652412	2.47%
5	2016	3741250	2.43%
Mean		3302422	-
Standard Deviation		684579	-
Co-Variance		20.7296	-

Source: Computed

From the Table 1.6 its can understand that the growth Rate of Premium of Apollo Munich Health Insurance company has highest growth rate of 2013 in 25.30 % and lowest value for 2015. The Mean value is 4995505.

Level of Commission of Apollo Munich health insurance

The **Commission** of health insurance schemes in Apollo Munich the Growth rate is exhibited in Table 1.7

Table - 1.7.

Level of Commission of Apollo Munich health insurance

S.No	Year	Commission	Growth Rate (%)
1	2012	378608	-
2	2013	422907	11.7%
3	2014	638720	14.10%
4	2015	785621	22.99%
5	2016	852416	8.5%
Mean		615654.4	-
Standard Deviation		211435.1	-
Co-Variance		34.34315	-

Source: Computed

From the Table 1.7 its can understand that the growth Rate of Premium of Apollo Munich Health Insurance company has highest growth rate of 2015 in 22.99% and lowest value for 2016. The Mean value is 615654.

Level of premium of Star health insurance

The Premium of Star health insurance, the Growth rate is exhibited in Table 1.8

Table- 1.8

Level of Premium of Star Health Insurance

S.No	Year	Premium	Growth rate (%)
1	2012	2583624	-
2	2013	3252681	25.89%
3	2014	4818604	48.14%
4	2015	7492210	55.48%
5	2016	8536521	13.93%
Mean		5336728	-
Standard Deviation		2601733	-
Co-Variance		48.75147	-

Source: Computed

From the Table 1.08 its can understand that the growth Rate of Premium of Apollo Munich Health Insurance company has highest growth rate of 2014 in 48.14 % and lowest value for 2016. The Mean value is 5336728.

FINDINGS

- From the Table 4.1 its can understand that the growth Rate of health insurance schemes that public health insurance company has highest growth rate in 2015-16 36.21% and lowest value for 2007-2008. The private health insurance company has highest value of 2005-2006 in 91.84% and lowest growth rate 2012-13.
- From the Table 1.2 its can understand that the growth Rate of Premium of Health Insurance company has highest growth rate of 2008-09 in 31.43 % and lowest value for 2009-10 in 12.45%. The Mean value of premium is 75324.39.

- From the Table 1.3 its can understand that the growth Rate of health insurance schemes that public health insurance company has highest growth rate in 2010-11 119.85 % and lowest value for 2013.-2014. The private health insurance company has highest value of 2008-2009 in 112.36% and lowest growth rate 2005-06.
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- From the Table 1.08 its can understand that the growth Rate of Premium of Apollo Munich Health Insurance company has highest growth rate of 2014 in 48.14 % and lowest value for 2016. The Mean value is 5336728.

SUGGESTIONS

- Encouraged by IRDA(Insurance Regulatory Development Authority) by providing subsidies to increase the level of premium
- Provide financial incentives of policy holders.
- Liberal financial assistance should be available to the growers in the form premium loans and development loans
- Provide assistance for eliminating the risk of life towards the nominees.

CONCLUSION

Everyone should be covered by some form of health insurance. People are always vulnerable to injury and illnesses from their everyday activities. Whether it is an individual plan or employer- or government-sponsored coverage, having health insurance is better than not having it at all. Millions of Americans are uninsured in part due to high premium costs. Many are forced to pay these high health costs out of pocket, which can create more problems medically and financially.

Indian Health insurance or medical insurance sector has been growing, since the country's economic reforms. The reason why mediclaim insurance, has grown is that it ensures good medical care from reliable health care institutions. With numerous companies offering health insurance and with a variety of health insurance plans on the offer it's hard to decide which plan you should go for. This is the study for finding which plan fits your needs the best. This competitive market means that you will need to compare policies to find the best health insurance policies or the best medical insurance plans.

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