CHAPTER-VIII
SUMMARY OF FINDINGS, CONCLUSIONS AND POLICY IMPLICATIONS

The present study is classified into four important parts. The first part explains the profile of respondents and their level of awareness and extent of coverage in health insurance. The second part of the research focuses on the customers’ expectation and perception on various service quality factors of health insurance whereas the third part discusses the customer satisfaction and loyalty on the health insurance insurers. The final part includes the impact of the service qualities of the health insurers on customer satisfaction and loyalty towards health insurance market.

The confined objectives of the present study are: 1) to reveal the profile of the respondents along with their personality traits, 2) to exhibit the level of awareness on health insurance among the respondents, 3) to show the extent of coverage in the health insurance among the respondents, 4) to identify the factors influencing to get the health insurance, 5) to evaluate the service qualities and service quality gap in health insurance market, 6) to measure the customer satisfaction and loyalty to health insurance market and 7) to evaluate the impact of service qualities on customer satisfaction and loyalty towards health insurance market.
In order to fulfill the objectives of the study, the sample size of the respondents in Kanniyakumari district was determined with the help of the formula of
\[ n = \left( \frac{Z\sigma}{D} \right)^2 \]
where \( \sigma \) is the standard deviation of level of awareness on health insurance among the respondents at pilot study. The determined sample size was 988. These 988 respondents are distributed to various blocks and municipalities of the district on proportionate basis. The samples from each block/municipality were selected at random. Hence, the applied sampling procedure is stratified proportionate random sampling. Out of the 988, the insured and non-insured respondents are 347 and 641 respectively. Out of the 347 insured respondents, the respondents from rural and urban areas are 274 and 73 respectively.

The interview schedule was used to collect the data from the sampled respondents. The schedule consists of three important parts. The first part focuses on the profile of the respondents, their personality traits and factors influencing to get health insurance. The second part consists of the level of awareness, and extent of coverage under health insurance schemes among the respondents. The third part of the schedule includes the service quality of health insurers, customer satisfaction and loyalty in health insurance. A pre-test was conducted among 50 respondents who have health insurance in Nagercoil town. Based on the feedback, certain modifications, additions and deletions were carried out. A final draft of the schedule was prepared to collect the data. The collected data were processed with
the help of appropriate statistical tools. The analysis and interpretations were presented in the previous chapters. The summary of findings, conclusion and policy implications are given in the present chapter.

8.1 SUMMARY OF FINDINGS

1. Profile of the Respondents

The respondents in the present study are classified into insured and not insured respondents in the health insurance. The important levels of education among the respondents are under graduation and post graduation whereas the important gender among the respondents is male. The dominant marital status of the respondents is married.

The important age groups among the respondents are 25 - 35 years and less than 25 years whereas the most important age group among both the insured and not insured respondents is 35 to 45 years. The important occupations among the respondents are private and Government employment. The most important occupation among the insured respondents is Government employment whereas among the not insured respondents, it is private employment.

The dominant categories of personal income per month among the respondents are Rs.30,001 to 40,000 and Rs.20,001 to 30,000 which is common among both the insured and not insured respondents. The dominant nature of family among the respondents is nuclear family. The important family size among the respondents
are 3 to 4 and 5 to 6 members. The important number of educated population in respondents household is two. The most important number of educated members in the family among the insured and not insured respondents are three and two respectively.

The important number of earning members per family among the respondents is only one which is common among both the insured and not insured respondents. The important nativity among the respondents is rural. The dominant levels of education of the head of the family among the respondents are under graduation and upto high school. The important frequencies of facing health risks by the respondents are none and ‘occasional’. The most important frequency of facing health risks among the insured respondents is ‘very frequent’ whereas among the not insured respondents, it is ‘occasional’.

The important categories of family income per month among the respondents are Rs.34001 to 46000 and Rs.46000 to 58000. The most important family income per month among the insured and not insured respondents is Rs.34001 to 46000.

2. Personality Traits of Respondents

The level of sociability among the insured respondents is higher than that among the not insured respondents whereas the level of media exposure is higher among the insured respondents than among the not insured respondents. The level of innovativeness among the insured respondents is higher than that among the
not-insured respondents. The level of scientific orientation among the insured respondents is higher than that among the not insured respondents.

The level of risk orientation and environmental awareness among the insured respondents are higher than that among the not insured respondents. The personality traits of insured respondents is higher than that among the not insured respondents. Regarding the level of various personality traits, the significant differences among the insured and not-insured respondents have been noticed in the case of four out of six components of personality traits. The significantly associating profile variables with the level of personality traits among the respondents are their level of education, marital status, age, personal income per month, family size, number of educated members per family, number of earning members per family, family income, level of education of the head of the family and health risk.

3. Level of Awareness on Health Insurance

The highly known health insurance schemes among the insured and not insured respondents are micro rural health insurance schemes and private health insurance schemes respectively. Regarding the level of awareness on health insurance schemes, the significant differences among the insured and not insured respondents have been noticed in the case of all four health insurance schemes.
The highly known category of health insurance companies among the insured and not insured respondents is general insurance companies. The significant difference among the insured and not insured respondents have been noticed in their level of awareness on all six categories of health insurance companies. The highly known health insurance products among the insured and not-insured respondents are mediclaim and individual health insurance respectively. Regarding the level of awareness on health insurance products, the significant differences among the insured and not insured respondents have been noticed in the case of all eight health insurance products.

The highly known health insurers among the insured respondents are New India Assurance Company and Star Health whereas among the not insured respondents, these are New India Assurance Company and Royal Sundaram. Regarding the level of awareness on the health insurers, the significant differences among the insured and not insured respondents have been noticed in the case of 15 out of 16 insurers.

Among the insured and not-insured respondents, the highly known health insurance package is outpatient. Regarding the level of awareness on health insurance package, the significant differences among the insured and not insured respondents have been noticed in their level of awareness on all nine insurance package.
The important source of awareness on health insurance among the insured respondents are ‘friends and relatives’ and ‘agents’ whereas among the not insured respondents, these are ‘friends and relatives’ and company advertisement’. The significant difference among the insured and not insured respondents has been noticed in their view on six out of the seven sources of awareness.

Out of the total respondents, majority of the respondents are not insured under health insurance. Out of the not-insured respondents, majority of the respondents are not willing to take health insurance. The significantly influencing factors to have health insurance among the insured are level of education, level of education of family head, health risk, gender, age and number of educated persons per family. Among the not insured respondents, these variables are level of education, level of education of family head, social class and gender.

Among the insured respondents, majority of the respondents belong to rural sector. The health insurance schemes popular among the insured respondents are both risk insurance and risk plus savings insurance which are common among the urban and rural areas. The highly viewed health care benefits among the urban respondents are ‘hospitalizations’ and ‘impatient and outpatient direct expenditure’ whereas among the rural respondents, these are ‘inpatient direct expenditure’ and ‘compensation for loss of income’. Regarding the importance
given on health care benefits, the significant difference among the urban and rural respondents has been noticed in the case of 10 out of the 12 health care benefits.

The highly preferred health insurance packages among the urban insured respondents are all four packages namely outpatient, inpatient, tests and drugs whereas among the rural insured respondents, it is the combination of inpatient and ‘tests’. Regarding the importance given on the various health insurance packages, the significant difference among the urban and rural respondents has been noticed in seven out of the eight insurance packages.

The highly preferred health insurance schemes among the urban respondents are mediclaim and individual health insurance and among the rural respondents, these two are ‘family floater health insurance’ and ‘I am Arogya.’ Regarding the view on preference on various health insurance schemes, the significant difference among the urban and rural respondents has been noticed in the case of their preference to ‘mediclaim’, ‘I am Arogya’ and ‘Travel health insurance’.

The highly preferred health insurance companies among the urban respondents are ‘Star Health and Oriental Insurance Company’ whereas among the rural respondents, these are Oriental Insurance Company and New India Assurance Company. Regarding the preference on health insurance companies, the significant difference among the urban and rural respondents has been noticed in their preference on four out of the ten health insurance companies.
The number of schemes of health insurance among the urban respondents is higher than that among the rural respondents. The number of health insurance companies customised by the urban respondents is higher than that by the rural respondents. The important factors leading to choose health insurance among the respondents are tradeoff between risk and return, promotion, consumer expectation, service quality and product factor. The highly viewed factors by the urban respondents are product and tradeoff whereas among the rural respondents, these are service and consumer expectation. Regarding the view on factors, the significant difference among the urban and rural respondents has been noticed in their view on all the five factors.

The significantly associating important profiles of the respondents regarding their view on the important factors leading to choose a health insurance scheme are family income, level of education, age, occupation and personal income per month. The significantly associating important personality traits regarding their view on the important factors leading to choose a health insurance scheme are sociability, media exposure and scientific orientation.

The important amount of health insurance taken by the respondents are Rs.1,50,001 to 2,00,000 and above Rs.5,00,000. The highly viewed determinants of health insurance coverage among the urban respondents are level of education and regularity of income whereas among the rural respondents, these are
personality and low income. The significant difference among the rural and urban respondents has been noticed in their view on all the eleven determinants.

The important determinants narrated by the factor analysis are push and pull factors. The highly viewed important determinant of health insurance coverage among the urban and rural respondents is ‘push’ and ‘pull’ factor respectively. Regarding the view on important determinants, the significant difference among the urban and rural respondents has been noticed in their view on all the two important determinants.

4. Core-Service Quality in Health Insurance

The health insurance service quality has been examined with the help of its core, value added and agents’ service quality. The core-service quality factors identified by the factor analysis are product, responsiveness, reliability, brand building, empathy, distribution networks, tangibles, customer relationship management and promotion. The variables in the abovesaid nine factors explain it to a reliable extent.

The highly expected core service quality factors by the insured respondents in the rural sector are distribution network and empathy whereas among the urban respondents, these are customer relationship management and responsiveness. There is a significant difference among the rural and urban respondents regarding their level of expectation on ‘distribution network’ and ‘promotion’.
The highly perceived core service quality factors among the rural respondents are ‘distribution network’ and ‘brand building’ whereas among the urban respondents, these are ‘responsiveness’ and ‘customer relationship management’. Regarding the perception on core service quality factors, the significant difference among the urban and rural respondents has been noticed in their perception on responsiveness, brand building, distribution network and customer-relationship management.

5. Service Quality Gap in Core Service Quality of Health Insurance

The service quality gap on all core service quality factors are in negative which indicates the level of perception on core service quality factors is not upto their level of expectation on it. The higher gap among the rural respondents is noticed in the case of ‘customer relationship management’ and ‘responsiveness’ whereas among the urban respondents, these are in ‘product’ and ‘reliability’. Regarding the service quality gap, the significant difference among the urban and rural respondents has been noticed in the case of ‘reliability’. The significantly associating important profile variables regarding the perception on core service quality factors among the respondents are their level of education, age, personal income, number of earning members per family, level of education of family head and health risk. The significantly associating personality traits are ‘innovativeness’ and ‘media exposure’ among the respondents. The important discriminant core
service quality factors among the urban and rural respondents are ‘distribution network’ and ‘brand building’ which are highly perceived by rural respondents than by the urban respondents.

**Value-Added Service Quality in Health Insurance**

The value added service quality in health insurance is measured with the help of fifteen variables. The narrated value added service quality factors in health insurance by factor analysis are service, claim and health insurance. The highly expected value-added service quality factors among the rural respondents are ‘health insurance’ and ‘service’ whereas among the urban respondents, these are ‘service’ and ‘health insurance’. There is no significant difference among the urban and rural respondents regarding their level of expectation on value-added service quality. The highly perceived value-added service quality factors among the rural respondents are ‘health insurance’ and ‘claim’ whereas among the urban respondents, these are ‘health insurance’ and ‘service.’ Regarding the perception on value-added service quality factors, the significant difference among the rural and urban respondents has been noticed in the perception on all the three value-added service quality factors.

**7. Service Quality Gap in Value Added Service Quality in Health Insurance**

The service quality gap in value added service quality is in negative. It shows that the level of perception on value added service quality among the respondents
is not up to the level of their expectation. The higher service quality gap is noticed in the case of ‘health insurance’ and ‘service’ among the rural respondents whereas among the urban respondents, these are in ‘service’ and ‘claim’. There is a significant difference among the urban and rural respondents regarding their service quality gap in all the three value added service quality factors.

The significantly associating important profile variables regarding the perception on value added service quality factors among the respondents are their family income, personal income, occupation, age and level of education whereas the personality traits are risk orientation, scientific orientation and sociability. The important discriminant value-added service quality factors among the urban and rural respondents are ‘services’ and ‘claim’ which are highly perceived by rural respondents than by urban respondents.

8. Agents’ Service Quality in Health Insurance

The agents service quality factors identified by factor analysis are empathetic persuasion, knowledge, rationalization, personality, adaptability, physical, controllability, selling ability and companion. The highly expected agents’ service quality by the rural and urban respondents are ‘selling ability’ and ‘empathetic persuasion’ respectively. There is no significant difference among the rural and urban respondents regarding their level of expectation on agents’ service quality in health insurance. The highly perceived service quality factors among the rural and
urban respondents are ‘selling ability’ and ‘companion’ respectively. Regarding the perception on agents’ service quality, the significant difference among the rural and urban respondents has been noticed in six out of the nine agents’ service quality factors.

9. Service Quality Gap in Agents’ Service Quality

The service quality gap in agents’ service quality factors among the respondents is in negative which reveals that the level of perception on agents’ service quality is not up to the level of their expectation. The higher gap among the rural and urban respondents has been noticed in their service quality gap in out of the nine factors.

The significantly associating profile variables with the perception of agents service quality among the respondents are age, occupation, personal income, number of earning members per family and family income whereas the personality traits are ‘scientific orientation’ and ‘media exposure’. The important discriminant agents’ service quality factors among the rural and urban respondents are ‘adaptability’ and ‘knowledge’ which are highly perceived by the rural respondents than by the urban respondents.
10. Customer Satisfaction and Loyalty on Health Insurance

The customer satisfaction on health insurance is measured with the help of ten variables. The highly perceived variables by the rural respondents are ‘tax reliefs’ and ‘agents’ service whereas among the urban respondents, these are also the same but with less levels of perception. The significant difference among the urban and rural respondents has been noticed in the perception on all variables in customer satisfaction. The level of customer satisfaction is higher among the urban respondents than among the rural respondents. The significantly associating profile variables on the level of customer satisfaction are ‘level of education’, age, occupation, personal income, number of educated members in the family and family income. The significantly associating personality traits are sociability, innovativeness, scientific orientation and risk orientation.

The customers’ loyalty toward health insurance players in the market has been measured with the help of six variables. The highly perceived variable by rural and urban respondents is ‘my next policy will be taken from the same insurers’. Regarding the level of variables in customers’ loyalty, the significant difference among the urban and rural respondents has been noticed in all the variables in customer loyalty. The level of customers’ loyalty is higher among the rural respondents than among the urban respondents. The significantly associating profile variables are level of education, age, occupation, personal income, number
of educated family members, number of earning members per family and family income whereas the personality traits are innovativeness, scientific orientation and risk orientation.

11. Impact of Core Service Quality on the Customer Satisfaction and Loyalty towards Health Insurance

The significantly influencing core-service quality factors on customer satisfaction among the rural are product, reliability, brand building, and distribution network whereas among the urban respondents, these are product, policyholders relationship management and promotion. The rate of impact is higher among the rural respondents than among the urban respondents.

The significantly influencing core-service quality factors on customer loyalty are brand building and distribution network whereas among the urban respondents, it is policyholders’ relationship management. The rate of impact is higher among the rural than that among the urban respondents.

12. Impact of Value-Added Service Quality on Customer Satisfaction and Loyalty

The significantly influencing value-added service quality factors on customer satisfaction among rural and urban respondents are ‘claim’ and ‘health insurance’. The rate of impact is higher among the rural respondents than among the urban respondents. The significantly influencing value-added service quality factors on
customer loyalty among the rural and urban respondents is health insurance. The rate of impact is higher among the rural than that among the urban respondents.

13. Impact of Agents’ Service Quality on its Outcome in Health Insurance

The significantly influencing agents’ service quality factors on customer satisfaction among the rural respondents are knowledge, adaptability and selling ability whereas among the urban respondents, these are empathetic persuasion and controllability. The rate of impact is higher among the rural than among the urban respondents. The significantly influencing agent service quality, factors on customers loyalty among both urban and rural respondents is adaptability. The rate of impact is higher among the rural that among the urban respondents.

14. Mediator Role of Customer Satisfaction between Service Quality and Customers Loyalty

The path analysis reveals that the service qualities of health insurance have a significant direct impact on customer satisfaction but not on customer loyalty on health insurance. But the service quality factors have a significant indirect impact on customers’ loyalty on health insurance. The indirect effect is made at a higher rate by the core service quality than by the other two service qualities. It reveals the significant mediator role of customer satisfaction in between service qualities and customers’ loyalty.
8.2 CONCLUDING REMARKS

The study concludes that the level of awareness on health insurance varies from moderate to high among the respondents. But the extent of coverage under health insurance among the respondents is seen among a low percentage of the total respondents. The significantly influencing factors leading to get a health insurance policy among the respondents are their level of education, health risks faced in life and age. The significantly influencing factors leading select a health insurance package and companies are trade off between risk and return and product features.

The level of perception on the various service qualities of health insurance companies is not upto the level of expectation. The gap is noticed as higher among the urban than among the rural respondents. The significantly influencing services qualities on customer satisfaction are all three service qualities namely core, value-added and agents’ service quality. But the customer satisfaction role inbetween the service qualities and customer loyalty on health insurance is inevitable in the present study. Hence it is concluded that the health insurance companies are advised to focus on various promotional schemes to create more awareness and increase the extent of coverage by the health insurance. At the same time, they are advised to focus on ‘customer satisfaction’ in order to generate customers loyalty on their health insurance schemes.
8.3 POLICY IMPLICATIONS

Based on the findings of the study, the following suggestions are made:-

1. Establishment of Research and Development Cell

The health insurance companies are advised to establish a research and development cell to monitor the changes in the level of expectation and perception of customers and also those with a different mind set to health insurance market. Only then they can update their products and services.

2. Enrichment of Service Quality of the Insurers

The findings of the study show that all service qualities have a significant impact on customer satisfaction. Hence, it is advised to improve the service quality of life insurance on the basis of customer expectation. The insurers are advised to innovate and enrich their quality of services in a consistent manner.

3. Service Quality Gap Search

A service quality gap analysis may be implemented consistently at the insurance companies level. This will enable them to identify the area in which there is a need for better improvement and also need to balance the level of expectation and perception on the service quality of health insurance. The gap searches should be done in a separate manner. The insurers themselves have to
evaluate their service gap and also compare with the other insurers. This may help them to identify the right area for their improvement.

3. Product Improvement

The insurers are recommended to roll out new products with new attributes to satisfy the existing policyholders and to retain them. There should be continuous innovation in designing and delivery of their products and services to the customers.

4. Information Access

The insurers are asked to widen access to information in order to enhance their customer satisfaction. The information access can be widened with the help of their networks and also through popular media.

5. Speed of Service

Prompt service is one of the elements that greatly attributes to customer satisfaction. Policyholders will be delighted that the web interface is very easy to use and will be impressed with the application speed. Hence, the insurers are advised to maintain quick response time and provide speedy service on their policy holders’ call.
6. Professionalism among the Agents

The insures are advised to enrich the agents’ service quality especially adaptability and selling ability. The insurers are asked to conduct training programmes to enrich the capability of the agents to increase their level of adaptability and selling ability. This will enhance the professional capability of the agents.

7. Penetration Strategy

The health insurance companies are advised to go for penetration strategy to promote their products that suit all types of customers in all market segments. since the extent of coverage of the health influence is very less among the respondents.

8. Awareness Programmes

The insurers are advised to invest in advertising, to conduct road shows, and spend money on hoardings, so that it can better propagate awareness about the various little known insurance products in the market.

9. Marketing Strategy of Health Insurers

Marketing the product should go with decisive marketing strategy. For that, the insurers are advised to take up the following activities:
i) Updating information on requirements of the policyholders towards their polices

ii) Performing marketing activities based on the demographic information

iii) Good selection of skilled and presentable personnel who will bring the desired outcome

iv) Provide specific efforts to encourage policyholders’ word-of-mouth reference

v) Communicate in local language with the policyholders and

vi) Encourage the existing policyholders by promotion through media or advertisement and show the cost benefit of insurance policy.

10. Government Intervention

To assure equity in health insurance coverage a pure market mechanism is not a solution in Indian situation. There is a strong need of government intervention in health insurance market.

11. Community based Health Insurance

The promotion of community based health insurance (HI) is a viable option for the outreach of Health Insurance schemes to the poorer and weaker sections of the society particularly to those belonging to the informal sector.

12. Special Insurance Companies

There is a case for the establishment of separate health insurance companies specializing in the provision of Health Insurance in India. At present, Health Insurance business is of secondary importance to majority of the Indian insurance companies.
13. Promotion of Insurance Education

There is a case for the promotion of insurance education in the scale up process of Health Insurance. The government should provide proper insurance education to the people.

14. Insurance Habit

The scale up process of Health Insurance is not completely determined by the behaviour of insurance agents, but also depends on the ‘insurance habit’ of the people. The ‘insurance habit’, an indicator of the familiarity of the people with different forms of insurance and insurance system, can be increased by promoting other forms of insurance too. Promoting other forms of insurance will generate more familiarity with the insurance system itself and produces spill over effects in the form of motivating people to join Health Insurance schemes.

15. Incentives to the Insurance Agents

Government should enforce the insurance companies to give more incentives to insurance agents to scale up Health Insurance schemes.

16. Co-ordinated Efforts

There is a need to co-ordinate the efforts of governments, insurance companies and the community organizations to provide universal and comprehensive Health Insurance schemes in India. The insurance companies have
good infrastructure in the form of managerial man power and offices spread all over India but its reach to the informal sector and rural segment of the country is very poor. As against this, the Micro Health Insurance schemes have a good reach to the rural and urban slums but they do not have a strong infrastructure. So a partnership of both the community organisations, insurance companies and government will promote universal and comprehensive health insurance schemes.

17. Scope for Cross Subsidization

There is a scope for cross subsidization between the people of urban and rural areas. Each of the Micro Health Insurance schemes operates in small locations as a separate entity. In short, there is no cross subsidization among Micro Health Insurance units and also among rural, semi-urban and urban locations. So location wise, there is only horizontal solidarity of locations in Micro Health Insurance schemes. In the case of Health Insurance schemes by voluntary insurance companies there is no cross subsidization between rural and urban areas, but there may be cross subsidization among urban areas spread across all over the country. Hence, new Health Insurance policies should be designed and implemented in a way to cross subsidize between locations. Reinsurance of existing Micro Health Insurance schemes and strong link between Micro Health Insurance and Private Health Insurance schemes can be suggested as some viable solutions in this regard.
18. Co-insurance Mechanism

New Health Insurance schemes can be introduced with different co-insurance rate in India and cover large number of health care benefits with such schemes. Majority of the people are willing to accept the co-insurance mechanism which is not yet prevalent in India. It was obvious that people are interested in selecting most of the health care benefits at the basic level during the CHAT exercise instead of selecting a few benefits at high level.

8.4 Scope for Future Research

The scope of the present study is confined to Health Insurance in Kanyakumari District, it may be extended to various states in Tamilnadu and all over India. The present study provides a base for many future research studies like ‘a comparative study on health insurance among various categories of patients and service quality in the institution’. ‘A Study on the perception towards services rendering by Public and Private Health Insurance companies’, ‘A comparative study on the satisfaction level of the consumers regarding the services provided by the Life Insurance Corporation of India and the Health Insurance companies’. ‘A study on the consumers’ perception towards the Health Insurance provided by the Banking Sectors and the Insurance Corporations.'