SUMMARY

The current study on “Changing Face of Insurance Sector in India with Special Reference to Health Insurance” is a comprehensive study that throws light on the problems being faced by the Insurance sector which led to its liberalization how it made an impact on the neglected part of the insurance i.e. Health insurance.

Chapter 1 INTRODUCTION, is a conceptual chapter which mainly focused on the concepts like meaning of insurance and health insurance, history and evolution of Insurance in India, growth and achievements of LIC and GIC prior to liberalisation, setting up of IRDA, status of Global insurance industry covering health care industry in India. Aspects like Market size of Health care Industry in India, Healthcare Infrastructure, Healthcare segments are discussed. Status of Health Insurance in India is highlighted to justify the relevance of the study.

Chapter 2, REVIEW OF LITERATURE, is concerned with various studies undertaken in the field of Insurance especially in Health Insurance, in India and globally. Various studies like Privatising Insurance: An Analysis by L.P.Singh, Health Insurance in India: Prognosis and Prospects by Indrani Gupta and others, Factors affecting the demand in Micro Insurance scheme by Ramesh Bhat and Nishant Jain are widely used by the researcher to understand the concepts of Health Insurance and conducting the present study.

Chapter 3 RESEARCH METHODOLOGY discusses the methodology adopted by the researcher in conducting the present study. The chapter deals with the objectives of the study, data collection methods followed in the study, issues related with the sampling, hypothesis formulation and limitation of the study. The research design of the current study is descriptive and qualitative in nature. The objectives of the study undertaken by the researcher are:

1. To study the motives behind the changing face of insurance sector in India.
2. To study the current scenario in insurance, future positions bottlenecks that could be faced by health insurance due to changing face of insurance sector in India.
3. To analyze the effect of opening up of insurance sector on health insurance in India.
4. To review the health insurance scene in India and consumer’s perspectives on health insurance.
5. To analyze future prospects of health insurance in India.
6. To study the role of IRDA in marketing the important beginnings of the changes having significant implications for the health sector in India.

7. To analyze the factors responsible for health insurance purchase decision and also factors affecting the extent of purchase decision of health insurance in India.

First six objectives of the study are studied on the basis of secondary data obtained through various publications of central and state government; technical and trade journals; research journals; books, magazines and newspapers; reports and publications of various bodies like IRDA, FICCI, Ministry of health, Tariff Advisory Committee, Insurance Information Institute, WHO etc.; annual reports prepared by insurance companies operating in India; reports prepared by various research scholars, universities, economists etc.; public records and statistics; and other sources of published information like internet. The primary data is collected through questionnaire. The data was collected on different socio economic variables like income, gender, education etc and also related to people’s perception about buying health insurance on interval scale data. To analyse the primary data Heckman Two stage model is used. For analysing first equation PROBIT model is used and for estimation Ordinary Least Square Method is used.

Chapter 4 OPENING UP OF INSURANCE SECTOR: MOTIVES BEHIND, based on the secondary data, studies the motives behind the opening of the insurance sector and its implications especially on Health insurance. Several reasoning’s are given by the researcher out of which minimizing the weaknesses of insurance sector, to get in tune with the world economy, inducing competition in insurance sector, to tap the highly untapped market of insurance especially health insurance are the most important reasons behind the liberalisation. Indian Insurance market was highly under-developed as indicated by the poor insurance penetration of 1.5% in 1990 (premiums as a percentage of GDP). Out of 300 million people who can afford to buy insurance cover only 20% of this had some form of insurance cover. Only 0.2% of India’s population was covered under some form of medical insurance. After liberalisation, insurance sector grew at the rate of 15-20% annually. Not only growth is shown by private sector (83% during 2000-03), growth in the premiums underwritten by LIC and GIC is encouraging. LIC has shown average growth rate of 20.8% as compared to the previous year in 2000 while in GIC growth rate was 3.7%. Insurance penetration and density also improved and currently they are 4.6% and 46.6% respectively. To increase both demand for insurance and its profitability, the Indian insurance industry in collaboration with TPAs and health providers must soon implement and master critical elements of managed care to
complement demand side tools such as co-payments and deductibles for controlling costs and limiting abuse.

Chapter 5 HEALTH INSURANCE IN INDIA: OPPORTUNITIES ISSUES AND CONCERNS, based on the secondary data, studies the growth of Health Insurance in India, various opportunities and challenges faced by Health insurance. Further the role of IRDA and future prospects of Health insurance is also discussed. The researcher has found that after liberalisation CAGR of Health Insurance market from 2004 to 2007 is 30%. During 2008-09 the general insurance industry recorded a total health insurance premium of Rs. 6625 crore which is a 30% improvement over the previous year. Health insurance premium has grown ten-fold in just seven years. Now more than 300 health insurance products are offered by over 30 insurance companies. There has been tremendous growth in health insurance sector as indicated by the number of policies issued, number of persons insured, total premium, number of claims, total claims paid, increase in the number of policies age wise and gender wise etc. State wise highest numbers of claims are from Maharashtra. Lack of awareness (62%) among the consumers is one of the major obstacles in the growth of Health insurance besides factors like frivolous claims, legal and regulatory issues, issues related to various stakeholders. IRDA has taken lot of initiatives to create an environment positive for the growth of health insurance sector. Future of the health insurance is quite bright as it is estimated that India’s insurance sector is likely to reach US$ 46.25bn by 2010. The Provider moral hazard reflected by increased health care utilization like unnecessary investigation, prolonged hospital stay and inflated hospital bills, is a prime reason for high claims. Hence insurers should insist on some system of categorizing inpatient medical services and assigning specific reimbursement fees to each category based contracting with healthcare providers in a bid to make them risk sharers contribution of health insurance will be high as only 10% of total market has been tapped.

Chapter 6 FACTORS AFFECTING INSURANCE PURCHASE DECISION AND THE EXTENT OF HEALTH INSURANCE PURCHASE IN INDIA: AN ANALYSIS, based on primary data collected through Questionnaire, researcher tries to analyse the factors determining the decision to purchase health insurance and the factors that determine the extent of coverage of health insurance. The chapter is divided into two sections. First section discusses the private health insurance in India while the second section analyses the factors
affecting the insurance purchase decision and the extent of insurance purchase. After analysis it can be concluded that total income of the household is the major factor determining the health insurance purchase decision and the extent of insurance purchase (income shows S shaped behaviour, indicating that initially with increase in income probability of buying more insurance is less, then it increases with increase in income and again declines with further increase in income). Health expenditure to total expenditure ratio is also significant and higher the ratio higher is the probability of buying health insurance. Besides these some other factors like coverage of illness, knowledge about insurance, future expectations of illness expenses, age, number of children, hospitalisation cost also affects the decision of purchase and extent of purchase. They all have positive relation with the decisions indicating with the increase in the factors probability of buying and buying more insurance increases.

Income of the household and Healthcare expenditure are major factors affecting the demand for Health Insurance. To increase both demand for insurance and its profitability, the Indian insurance industry in collaboration with TPAs and health providers must soon implement and master critical elements of managed care to complement demand side tools such as co-payments and deductibles for controlling costs and limiting abuse. Coverage of illness is one such perceptual factor that affects the decision to buy Health insurance. Consumer wants good services and specially designed policies to meet their specific demands. Age factor is always ignored in Indian insurance industry. There were very few insurance policies designed for people above 60 years. Various steps and strategies need to be followed by the health insurance companies that hope to conquer the Indian health insurance market such as product innovation, distribution, customer service, and investments. Finding the niche markets, having the right product mix through add-on benefits and riders, effective branding of products and services and product differentiation from competitors' offering will be few modes to increase the market share. To address the critical issue of both increasing the demand for and supply of health insurance products the three major bodies, The Union Health Ministry, Medical Council of India and state Health Ministries, must work together. Union health ministry must be the leader in promoting quality of care by establishing and enforcing standards in the public sector. Medical council of India must regulate its members and facilities which they are providing. Regulation includes processes for accrediting healthcare establishments, regular accreditation reviews, and public disclosure of current accreditation status. State Health Ministries must actively get involved in granting licenses to both providers of facilities and also updating and monitoring those that are licensed.
Chapter 7, FINDINGS AND SUGGESTIONS, highlights the major findings of the study and other findings of the study which is followed by the suggestions proposed by the researcher based on the findings of the current study.

**FUTURE SCOPE OF THE STUDY**

Once error free data flow becomes the order of the day, it will be possible to carry out further detailed micro level analysis on hospital wise cost of treatment, procedure wise cost of treatment and such other factors concerning health insurance.

Further analysis can be done on the factors affecting the renewal of health insurance policy decision.

This study is mainly concerned with middle class people and so is conducted in cities. Rural sector is huge market for health insurance and which is untouched. Various aspects of micro health insurance are another area for study.