1.1 Introduction:

People always search for security whether it is related to their assets or their lives. Today due to rapid economic and industrial development several social and environmental changes have been taken hence people today are more vulnerable to uncertainties so they are in hurry to have physical and economic security. These environmental and social changes are out of control of human being hence more formalized means are required to mitigate the losses arises out of adverse situation like death of prime member of family, loss of income due to death or health problems, loss of property, situation of unemployment in old age etc. Definitely no one can predict the unfortunate situation and amount of loss due to these, which would accrue in the future but he/she can do management in present through insurance to bear the losses in future. Insurance is defined as a form of risk management primarily used to hedge against unforeseen risks of contingent losses. Insurance is the equitable transfer of the risks from the possibility of occurrence of losses, from one person to another, in return insured person pay a fixed amount of premium as per rules and regulation to the insured. As a result the ramifications of a large and devastating loss can be minimized to a great extent. In other word insurance is a social device through which insured transfers his risk to insurer by contributing a little amount that is known as premium. So it is a method to have security against financial losses up to some limit. Insurance is a written contract between the two parties for a consideration (premium) to pay a pre fixed amount of money at the time when adverse situation arises in future for which the contract has been made. It is a method to shift risk of one policyholder to other policy holders of the same company.
1.1.1 Type of Insurance:

Life Insurance: It is the insurance which give protection form bad situation to insured person’s family in case of death of insured or give a lump sum amount to insured at the end of maturity of policy which is great help for him. It is a contract between the insurer and insured upon human life. Life insurance is a way to secure the lives of rest of the family members when principal member of the family dies. So the main subject matter of life insurance is life of human being.

General Insurance: All the insurance other then Life Insurance comes under General Insurance like Fire Insurance, Marine Insurance, Motor Insurance, Health Insurance, Fidelity, Burglary, Liability Insurance etc.

Social Insurance: It is the insurance which provide protection to the weaker section of society. Such type of insurance is provisioned by the states and central government. Pension, Sickness Insurance, Industrial Insurance, Disability benefit etc. are the examples of social Insurance.

1.1.2 The Indian General Insurance Market:

The general insurance industry of India constituted by the 6 public sector insurance companies (out of 6 public insurers, 2 insurers (ECGC and AIC) are specialized insurer) and 17 private sector insurance companies. There is one re-insurer that is GIC. These companies are providing their services in different line of insurance business. Apart from this there are 4 Standalone Health Insurers. So in total there are 28 general insurance companies in India doing business in different line of insurance.

¹List of General Insurance Companies in India

1. Public Sector General Insurance Companies:
   - The New India Assurance Company Limited.
   - The National Insurance Company Limited.

¹ IRDA Annual Report 2012-13
The United India Insurance Companies Limited.
The Oriental Insurance Company Limited.
Export Credit Guarantee Corporation of India Limited (Specialized Insurer).
Agriculture Insurance Company of India Limited (Specialized Insurer).

2. Private Sector General Insurance Companies
   • Bajaj Allianz General Insurance Company Limited.
   • Bharti AXA General Insurance Company Limited.
   • Cholamandalam MS General Insurance Company Limited.
   • Future Generali India Insurance Company Limited.
   • HDFC ERGO General Insurance Company Limited.
   • ICICI Lombard General Insurance Company Limited.
   • IFFCO Tokio General Insurance Company Limited.
   • L & T General Insurance Company Limited.
   • Liberty Videocon General Insurance Company Limited.
   • Magma HDI General Insurance Company Limited.
   • Raheja QBE General Insurance Company Limited.
   • Reliance General Insurance Company Limited.
   • Royal Sundaram Alliance Insurance Company Limited.
   • SBI General Insurance Company Limited.
   • Shriram General Insurance Company Limited.
   • TATA AIG General Insurance Company Limited.
   • Universal Sompo General Insurance Company Limited.

3. Standalone Health Insurance Companies
   • Star Health and Allied Insurance Company Limited.
   • Apollo Munich Health Insurance Company Limited.
   • Max Bupa Health Insurance Company Limited.
   • Religare Health Insurance Company Limited.
1.1.3 General Insurance Penetration and Density in India:

Insurance penetration is defined as ratio of premium of a year to GDP (Gross Domestic Product), while insurance density is defined as a ratio of premium underwritten to the total population in a year. In the pre liberalization period general insurance penetration and density was quite lower in India, hence for enhancing the penetration and density of the general insurance, the sector was opened up for private players.

The general insurance penetration and density are the two measures based upon; potential and performance of insurance sector of any country can be judge, as these two parameters reflect the development of insurance sector in any country. The table (1.1) given below is showing comparison regarding general insurance penetration among varied countries.

### Table 1.1

Comparison Chart for General Insurance Penetration* (2001-12)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>2.85</td>
<td>2.97</td>
<td>3.16</td>
<td>3.14</td>
<td>3.13</td>
<td>3.10</td>
<td>3.00</td>
<td>3.10</td>
<td>3.10</td>
<td>3.10</td>
<td>3.30</td>
<td>3.28</td>
</tr>
<tr>
<td>Brazil</td>
<td>1.78</td>
<td>1.74</td>
<td>1.68</td>
<td>1.62</td>
<td>1.68</td>
<td>1.60</td>
<td>1.60</td>
<td>1.50</td>
<td>1.50</td>
<td>1.50</td>
<td>1.66</td>
<td></td>
</tr>
<tr>
<td>Russia</td>
<td>1.51</td>
<td>1.81</td>
<td>2.13</td>
<td>2.22</td>
<td>2.15</td>
<td>2.30</td>
<td>2.40</td>
<td>2.30</td>
<td>2.50</td>
<td>2.30</td>
<td>2.30</td>
<td>1.24</td>
</tr>
<tr>
<td>Germany</td>
<td>3.59</td>
<td>3.7</td>
<td>3.82</td>
<td>3.86</td>
<td>3.73</td>
<td>3.60</td>
<td>3.50</td>
<td>3.70</td>
<td>3.70</td>
<td>3.70</td>
<td>3.60</td>
<td>3.62</td>
</tr>
<tr>
<td>UK</td>
<td>3.45</td>
<td>4.56</td>
<td>4.75</td>
<td>3.68</td>
<td>3.55</td>
<td>3.40</td>
<td>3.00</td>
<td>2.90</td>
<td>3.00</td>
<td>2.90</td>
<td>3.10</td>
<td>2.84</td>
</tr>
<tr>
<td>US</td>
<td>4.57</td>
<td>4.98</td>
<td>5.23</td>
<td>5.14</td>
<td>5.01</td>
<td>4.80</td>
<td>4.70</td>
<td>4.60</td>
<td>4.50</td>
<td>4.50</td>
<td>4.50</td>
<td>4.52</td>
</tr>
<tr>
<td>Australia</td>
<td>3.45</td>
<td>3.46</td>
<td>3.57</td>
<td>3.85</td>
<td>3.09</td>
<td>3.20</td>
<td>3.00</td>
<td>2.80</td>
<td>3.00</td>
<td>2.80</td>
<td>3.00</td>
<td>2.76</td>
</tr>
<tr>
<td>India</td>
<td>0.56</td>
<td>0.67</td>
<td>0.62</td>
<td>0.64</td>
<td>0.61</td>
<td>0.60</td>
<td>0.60</td>
<td>0.60</td>
<td>0.70</td>
<td>0.70</td>
<td>0.70</td>
<td>0.78</td>
</tr>
<tr>
<td>Japan</td>
<td>2.22</td>
<td>2.22</td>
<td>2.2</td>
<td>2.25</td>
<td>2.22</td>
<td>2.20</td>
<td>2.10</td>
<td>2.10</td>
<td>2.10</td>
<td>2.10</td>
<td>2.20</td>
<td>2.27</td>
</tr>
<tr>
<td>Pakistan</td>
<td>0.38</td>
<td>0.38</td>
<td>0.38</td>
<td>0.43</td>
<td>0.40</td>
<td>0.50</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.40</td>
<td>0.30</td>
<td>0.28</td>
</tr>
<tr>
<td>Malaysia</td>
<td>1.8</td>
<td>1.97</td>
<td>2.06</td>
<td>1.88</td>
<td>1.82</td>
<td>1.70</td>
<td>1.50</td>
<td>1.50</td>
<td>1.60</td>
<td>1.60</td>
<td>1.80</td>
<td>1.72</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>0.67</td>
<td>0.75</td>
<td>0.75</td>
<td>0.77</td>
<td>0.84</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.90</td>
<td>0.66</td>
</tr>
<tr>
<td>Singapore</td>
<td>1.18</td>
<td>1.43</td>
<td>1.5</td>
<td>1.48</td>
<td>1.48</td>
<td>1.10</td>
<td>1.50</td>
<td>1.60</td>
<td>1.60</td>
<td>1.60</td>
<td>1.50</td>
<td>1.60</td>
</tr>
<tr>
<td>World</td>
<td>3.15</td>
<td>3.38</td>
<td>3.47</td>
<td>3.44</td>
<td>3.18</td>
<td>3.00</td>
<td>3.10</td>
<td>2.90</td>
<td>3.00</td>
<td>2.90</td>
<td>2.80</td>
<td>2.81</td>
</tr>
</tbody>
</table>

*Penetration is in Percentage


The Table (1.1) given above is showing general insurance penetration of different countries as well as India for post reform period. In 2001 in India insurance penetration .56% to GDP, which have no respectable increase even
after 11 years because insurance penetration in 2013 for India is only reached up
to 0.78%. General insurance penetration for the almost developed nations is more
then 1.5% to GDP and India is far behind from these nations. In world general
insurance penetration, contribution from India is seems negligible. The main
reason behind this is a large part of Indian population earns hardly to fulfill their
basic needs and the people who are capable to pay premium, feel better to invest
in other securities or hesitate to deal with insurance personnel or some time not
aware completely about insurers and their products. But just see another aspect
of such lower penetration that is immense opportunities for insurance companies
as large part of market (which includes the capable customer as the size of the
middle class in 1996 was only 25 million. Today, it is in excess of 160 million. And,
by 2015, its numbers are expected to go up to 267 million) is still untapped.

Table 1.2
Comparison Chart for General Insurance Density* (2001-12)

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>France</td>
<td>630.6</td>
<td>714.7</td>
<td>930.4</td>
<td>1057.7</td>
<td>1083.9</td>
<td>1152.9</td>
<td>1219.3</td>
<td>1339.2</td>
<td>1289.4</td>
<td>1294</td>
<td>1403</td>
<td>1304.3</td>
</tr>
<tr>
<td>Brazil</td>
<td>53.2</td>
<td>45</td>
<td>48.8</td>
<td>55.2</td>
<td>72.1</td>
<td>88.4</td>
<td>106.9</td>
<td>129.1</td>
<td>123.8</td>
<td>157.7</td>
<td>189</td>
<td>188.7</td>
</tr>
<tr>
<td>Russia</td>
<td>32.6</td>
<td>43.5</td>
<td>64.3</td>
<td>89.6</td>
<td>116.5</td>
<td>146.9</td>
<td>203.3</td>
<td>268.1</td>
<td>276.4</td>
<td>290.4</td>
<td>295</td>
<td>170.3</td>
</tr>
<tr>
<td>Germany</td>
<td>809.9</td>
<td>891</td>
<td>1120.8</td>
<td>1265.3</td>
<td>1268.4</td>
<td>1300.7</td>
<td>1427.9</td>
<td>1572.7</td>
<td>1518.7</td>
<td>1501.6</td>
<td>1578</td>
<td>1505.3</td>
</tr>
<tr>
<td>UK</td>
<td>825.9</td>
<td>1119.7</td>
<td>1441.4</td>
<td>1311.9</td>
<td>1327.1</td>
<td>1383.2</td>
<td>1275.7</td>
<td>1051.2</td>
<td>1060.2</td>
<td>1188</td>
<td>1094.4</td>
<td></td>
</tr>
<tr>
<td>US</td>
<td>1664</td>
<td>1799</td>
<td>1980.2</td>
<td>2062.6</td>
<td>2122</td>
<td>2134.2</td>
<td>2164.4</td>
<td>2177.4</td>
<td>2107.3</td>
<td>2130</td>
<td>2239.2</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td>628</td>
<td>695.5</td>
<td>912.1</td>
<td>1186.3</td>
<td>1203.2</td>
<td>1191.9</td>
<td>1326.1</td>
<td>1348.6</td>
<td>1307.9</td>
<td>1603</td>
<td>2017</td>
<td>1934.7</td>
</tr>
<tr>
<td>Hong Kong</td>
<td>295.5</td>
<td>345.1</td>
<td>348.7</td>
<td>332.9</td>
<td>331.7</td>
<td>331.6</td>
<td>341.3</td>
<td>380.8</td>
<td>417.5</td>
<td>438.2</td>
<td>462</td>
<td>519.2</td>
</tr>
<tr>
<td>Thailand</td>
<td>19.8</td>
<td>23.1</td>
<td>27.6</td>
<td>41.3</td>
<td>44.4</td>
<td>50</td>
<td>58.9</td>
<td>64.9</td>
<td>62.7</td>
<td>77.5</td>
<td>88</td>
<td>109.7</td>
</tr>
<tr>
<td>India</td>
<td>2.4</td>
<td>3.00</td>
<td>3.5</td>
<td>4.0</td>
<td>4.4</td>
<td>5.2</td>
<td>6.2</td>
<td>6.2</td>
<td>6.7</td>
<td>8.7</td>
<td>10</td>
<td>10.5</td>
</tr>
<tr>
<td>Japan</td>
<td>701.1</td>
<td>714.7</td>
<td>768</td>
<td>830.8</td>
<td>790.4</td>
<td>760.4</td>
<td>736</td>
<td>829.2</td>
<td>840.4</td>
<td>917.4</td>
<td>1031</td>
<td>1024.9</td>
</tr>
<tr>
<td>Pakistan</td>
<td>1.5</td>
<td>1.7</td>
<td>1.8</td>
<td>2.2</td>
<td>2.8</td>
<td>3.6</td>
<td>3.9</td>
<td>4</td>
<td>3.8</td>
<td>2.9</td>
<td>4</td>
<td>3.4</td>
</tr>
<tr>
<td>Malaysia</td>
<td>68.8</td>
<td>79.3</td>
<td>87.2</td>
<td>89.2</td>
<td>95.3</td>
<td>103</td>
<td>106.6</td>
<td>115.9</td>
<td>118.6</td>
<td>138.3</td>
<td>175</td>
<td>184.3</td>
</tr>
<tr>
<td>Sri Lanka</td>
<td>5.4</td>
<td>6.1</td>
<td>7.1</td>
<td>7.9</td>
<td>9.4</td>
<td>12.8</td>
<td>14.7</td>
<td>19.3</td>
<td>17.7</td>
<td>20.6</td>
<td>18</td>
<td>18.2</td>
</tr>
<tr>
<td>Singapore</td>
<td>245.8</td>
<td>300.6</td>
<td>320.3</td>
<td>365.6</td>
<td>392</td>
<td>341.2</td>
<td>531.2</td>
<td>630</td>
<td>645.6</td>
<td>722.1</td>
<td>810</td>
<td>890.2</td>
</tr>
<tr>
<td>World</td>
<td>158.3</td>
<td>175.6</td>
<td>202.5</td>
<td>220</td>
<td>219</td>
<td>224.2</td>
<td>249.6</td>
<td>264.2</td>
<td>253.9</td>
<td>263</td>
<td>283</td>
<td>283.1</td>
</tr>
</tbody>
</table>

*Density is in US Dollar:


1 http://timesofindia.indiatimes.com/edit-page/Indias-middle-class-awakes/articleshow/26221440.cms
The table (1.2) given above is showing general insurance density in India which is quite lower as compare to developed countries and with the countries that are less developed in comparison to India. India’s contribution in the world’s general insurance density is seems negligible. Though there is improvement in density from the year 2001, when it was only US $2.4 that reached to US $10.5 in 2012. But still there is a lot to do to make it a respectable figure.

1.1.4 Health Insurance and its History in Indian Perspective

1.1.4a Health Insurance

Health insurance is protection against unforeseen losses arises at the time medical emergency. It provide sickness benefit, or medical/surgical or hospital expenses benefit at the time of accidental condition or illness, in return insured has to pay premium calculated on the basis of terms and health conditions of insured person. Insured is obligate to pay for only those disease or illness which is covered under the policy. So we can say that “Health Insurance is insurance against loss by illness or bodily injury. (http://www.investorworld.com/2510/insurance.html) Health insurance is available to individual, families and groups.

1.1.4b Some Milestone of Indian Health Insurance Industry:

1912: Insurance Act 1912 was passed.

1923: Workmen Compensation Act passed to assist and secure the workers and their families from accidental death, or disablement due to accidents during working hours.

1948: Employee’s States Insurance Act passed to protect state government employees and their dependent from death, sickness etc.

1954: Central Government Health Insurance Scheme started to protect MPs, Judges, Freedom fighters, from accidental problem and illness.

1956: Life Insurance business was nationalized and LIC was established.

1972: General insurance industry was nationalized. General Insurance Corporation of India (GIC) was established.

1986: Mediclaim policy was introduced by GIC.
1999: Insurance Regulatory Development Authority of India (IRDA) was established.

2000: Liberalization of insurance industry took place; GIPSA (General Insurers Public Sector Association) took over the role of GIC, which had become a national re-insurer.

2001: Registration of nine private general insurance companies had been done. Provision for TPAs had been presented.


2005: Planning started for de tariffication of general insurance industry.

2006: The first Standalone Health Insurer “Star Health and Allied Insurance Company Limited” started to work.

2007: The whole insurance industry which was driven based upon tariffs decided by “Tariff Advisory Committee” has been now free from these tariffs.

2008: IIB (Insurance Information Bureau) was established.

2009: The regulator directed the insurers regarding various matter like entry age in the health insurance must be up to 65 years, insurer should provide all the information regarding product and other matter on their websites etc.

2011: Regulation on “Portability of Health Insurance” came into force.

2012: Constitution of “Health Insurance Forum”. Standardization guideline had been issued for Claim format and other documents. IRDA Health Insurance Regulation 2012 was conceptualized.

2013: The IRDA has taken a number of initiatives through Health Insurance Regulation 2013. Guidelines for standardization of Health Insurance 2013 and concept of “Health Insurance TPA of India” have come in to existence.

1.1.4c Need and Benefit of Health Insurance:

Today, hectic lives, irregularities and stress make the one more vulnerable to disease. On the other hand medical inflation is running at double digits. It has become difficult to bear the increasing costs of the doctor’s fee and hospital charges. In this situation if one have medical insurance than it safe our health and also reduce financial anxiety and mental stress associated with illness. This Illustration gives a clear picture.
Here is a guy earning ₹4 Lakh yearly with saving around ₹2 Lakh. He has not any medical policy. Now one day he got an accident, or has to be admitting in the hospital for 7 days due serious illness, and pay hospital bill of ₹40 thousand. If he had a medical cover of ₹1 Lakh than he could save his money which he lost for his hospital bill. For Sum Insured of ₹1 Lakh he would have to pay premium of ₹1250 to ₹1500 on yearly basis. This cover would save ₹38500 (₹40000 (Hospital bill) – ₹1500 (Payable Premium)) in his hospital bills.

**Benefits of Having Health Insurance:**

Benefit from health insurance depends on the policy, which has been selected and the coverage it provides. Some of the common benefits of health insurance are:

- Health insurance gives a sense of security by reducing financial and mental stress at the time of medical emergency.
- It covers hospitalization bills, medical bills, disability.
- These policy gives tax benefits on the premium paid under section 80D of the Income Tax Act.
- We can also have a health insurance policy even after the age of 60 when it needed frequently, it proves a great help in old age.

1.2 **Review of Literature:**

The health insurance industry has underwrite the premium of ₹15701 Crore in the year 2012-13 (IRDA Annual Report) and is expected to increase continuously at a higher rate then other line of insurance. This sector has become a second important line of business for general insurance companies after motor insurance.¹ In 2005-06 where the share of health insurance premium was only 10.91% to the total premium of general insurance industry in India, it has reached to 22.19% by the year 2012-13. From last 8 to 9 years the health insurance market is growing with a Compound Annual Growth rate (CAGR) of 30.05%, higher then the CAGR of general insurance industry that has grown at the rate 17.50% for the same period.

---

¹ Table 1: Share and CAGR of various LOBs of Non – life Insurance, IRDA Annual Report 2012-13
Even after having such a tremendous growth prospect the coverage of health insurance is very low in India. There is no universal health plan in India like the other developed nation. This can be evident with the figures of Total Health Expenditure (as a percentage of GDP) and Health Expenditure Public (as a percentage of total health expenditure) on healthcare in India that are only 4.1% and 33.1% respectively as per data of World Bank\(^1\). It is lowest among the world.

Due to this lower spending rate of development of health care infrastructure is very slow especially in rural areas and tier III, tier IV cities, which is a prerequisite for development of health insurance market. Such lower spending results in to higher Private Health Expenditure which is 66.9% of total health expenditure (World Bank). All over the burden come on the shoulders of common people of the country. That’s the reason that Out of Pocket Expenditure on health in India is quite higher that is 86% (World Bank) which is a clear indicator of lower coverage of health insurance in India.

Not only the lower government spending on health, which restricts the development of infrastructure and medical personnel but uneven distribution of these facilities are also a responsible factor for lower penetration of health insurance market. As per an article\(^2\) released by “Times of India”, people who lived in rural areas, have to go more then 5 KM for accessing a health care facility. Urban population who accounted for only 28% of total population has access to 66% of total beds available in India while rural population who accounted for 72% of total population have access to 33% of total hospital beds only.

Definitely the growth prospect of Indian health insurance industry remains higher and bright in past 8 to 10 years but there are several problems in the growth way of this segment such as:

1. In most of the areas health insurance products are not purchased especially by lower income group due to scarce resource and middle income groups due to their money minded mentality or hesitation.

---


2. Awareness level regarding health insurance has not touch the level of subscription of the same.
3. People still are in doubt about health insurance providers.
4. The wording of health insurance products is a major issue.
5. After selling services remains always a topic of debate between insurer and insured.
6. Distribution channels are not properly developed and show irresponsible kind of behavior in front of customer.

Several challenges for Indian health insurance industry still remains like servicing to customer up to maximum satisfaction level, product innovation, competitive pricing, to coop with regulatory changes etc. The risk is continuously growing with the advancement of life, increasing life style disease, and more over increasing medical inflation, so it is very sure that the scope for health insurance market is vast in India, now its depend upon the regulator and insurers of the industry that how they coop with the challenges and make aware and satisfy their customer at maximum.

1.3 Objectives of the Study :

The main objectives of the study are to evaluate need and importance of health insurance products, to search the reasons behind hesitation of people toward purchasing of health insurance, to judge the satisfaction level of customer of health insurance companies belongs to public and private sector, and try to know about driving factors and hurdles in the growth way of Indian health insurance industry.

This study would also reveal that how the health insurance companies are struggling to satisfy the need of customers belongs to different social background and income level, by maintaining administrative, legal, and cultural forces.

Following are the objectives of the study:
1. Try to judge and create Awareness about need of health insurance.
2. To judge Trust towards health insurance and health insurers, among people.
3. Recognize the ways to solve issues between insurers and customers.
4. Evaluate the contribution of this industry towards economic growth
5. Try to find out the ways to make health insurance products and services more attractive and simplify.

1.4 **Hypothesis:**

A hypothesis is a tentative statement about the relationship between two or more variables. A hypothesis is a specific and testable prediction about what you expect to happen in your study. These are the hypothesis that gives direction to research work. These are the milestone of research work. The speed of research work depends upon hypothesis to a large extent. After analyzing and reviewing the literature of various general insurance companies (specifically related to health insurance industry), IRDA and GIC, following Hypothesis has been designed -

- Increasing awareness & literacy Level is fueling the growth of health insurance sector.
- Increasing health care cost pushing demand of health care and health insurance.
- Health insurance must be a part of life of everybody.
- Public company’s product are more attractive because of their competitive pricing and public trust.
- Services regarding health insurance products, provided by private insurer are comparatively prompt & better then public insurers.

1.5 **Research Methodology:**

Every researcher needs some data to analyses the situation and to find out final results. The research work also is depend upon some facts and figures which is of two type-

**Primary Data:** This is the data which does not exist, hence has not been used by any researcher earlier for his research work. Such data collected first time for specific research work. In short the data which is newer and never used earlier called primary data. It can be collected through several methods like questionnaire, direct interviews of respective officials, survey and discussion with people etc.
**Secondary Data:** The data which is already available in the market and/or have been used by several researchers known as secondary data. Such type of data would be collected through websites of respective organization, their annual reports, various journals, news papers and books on related topics.

### 1.5.1 Data Collection:

Both type of data that is Primary and Secondary data has been used in the research to fulfill the objectives and for proving hypothesis. Primary data has been collected through questionnaire for customers of health insurance, and through discussion with company’s officials, agents etc. For research work data has been collected from 780 people through questionnaire. Out of these 780 people 429 (55%) people are professionals, 296 (38%) are businessmen and rest 55 (7%) people are industrialists. As per income level 344 (44%) people have income more than `2 Lakh and but less than `4 Lakh, 210 (27%) people have annual income more than `4 Lakh but less than `6 Lakh. 78 (10%) people are there who have annual income more than `6 Lakh. Rest 148 (19%) have their annual income less than `2 Lakh.

The secondary data has been collected through official website and annual reports of the companies, IRDA, GIC, etc. Apart from it data from different research papers, journals, news paper articles and reports has also been used as per need.

### 1.5.2 Analysis and Interpretation:

The research is based upon two type of analysis that is quantitative and qualitative. In quantitative analysis growth prospect in terms of premium figures, no. of policyholders, etc. has been judge, while in qualitative analysis satisfaction of customer with health insurance products, insurer and services has been analyzed.

As per need the collected data has classified, tabulated and analyzed. Varied statistical tools like Percentage, Average, Chi-Square test, Mean, Standard Deviation etc. has used as per requirement.
1.6 **Rational of the Study:**

The main target of this study is to make an analytical comparison between public and private sector health insurance companies, on the basis of their health insurance products and related services. This analysis will help to judge the efficiency level of both the sector and the factors which attracts the customers towards public/private sector health insurer.

The study will also focus on designing the guidelines or some suggestions for the health insurance companies and customers who are interested in taking health insurance plan.

Different thesis has been analyzed regarding insurance and health insurance sector, in these theses main areas of research work were a comparison between two organizations, or analysis of growth of industry in pre and post liberalization era, or customer satisfaction/customer relationship management or marketing strategies of health insurers etc. the research is different from the other specially in terms of product specialization and sector comparison. The “Health Insurance products and related Services” is the main subject matter of the research work.

1.7 **Scope of the Study:**

After liberalization in the year 2000, the private health insurer came in to Indian market. This entry of private players results in to significant changes in favor of customer in the health insurance market. The regulator and insurers made crucial efforts to make the customers aware about health insurance as results customer changed his view and understand the need of health insurance rather to take it as a tax saving tool or mandatory insurance. With in 13 years of period the number of private health insurers has been reached to 17 and 4 standalone health insurers has started their working in India. Still a large part of Indian health insurance market is untapped hence gives a great opportunity to the insurers from public and private sector both.
Monopoly of public sector companies comes to an end after liberalization and the private players are doing good job as their market share is continuously increasing. Though the public insurers are still in position of market leader but the private players are giving them tough competition. Due to this healthy competition, blowing in the health insurance market customer became king and enjoying wide range of products, innovative products, prompt services, value added services, economic premium and better customer relationship.

Definitely after liberalization awareness level of prospected and present customer has been increased and market is fulfill with several options in terms of insurers, health insurance products, services of different kind etc. But some times due to several options and inadequate knowledge/ information, customer feels confused when he goes to take a policy. In the research an effort has been made to know about plus and minus points of the public and private sector health insurers regarding their products and the services provided by them to their customers. So it is hope that the study will be helpful and give a clear insight about public/private sector’s insurers.

1.8 Chapter Plan :
The study is arranged in to ten chapters that are given below:

**Chapter 1** provides a brief knowledge about the research methodology, objective of the study, scope and limitation of the study and the statistical tools to be used for analysis.

**Chapter 2** comprises a detailed study of various aspects of Indian health insurance industry. It also includes the knowledge about regulator and intermediaries.

**Chapter 3** comprises the description of the Public Sector Health Insurers chosen for the study. These two Public Insurers are New India Assurance Company Limited and National Insurance Company Limited.

**Chapter 4** comprises the description of the Private Sector Health Insurers chosen for the study. These two Private Insurers are ICICI Lombard General Insurance Company Limited and Bajaj Allianz General Insurance Companies Limited.
Chapter 5 includes a detailed study regarding main market drivers of the health insurance industry which is based upon secondary as well as primary data collected through questionnaire for customer of health insurance. It also comprises testing of related hypothesis.

Chapter 6 includes a detailed comparative analysis about Mediclaim Policies and Premium applicable on these policies for different age group, of the four insurers chosen for the study. This chapter also includes the view points of customers of these four companies about the Policy and Premium. It also comprises testing of related hypothesis.

Chapter 7 comprises a detailed comparative analysis about services provided by the four insurers chosen for the study. The chapter also includes the view points of customers about satisfaction with services and efficiency of services, provided by the four insurers. It also comprises testing of related hypothesis.

Chapter 8 gives the details about importance of customer satisfaction and customer protection. It also narrates about regulatory initiatives started by the regulator for betterment of health insurance Industry.

Chapter 9 includes the major challenges in front of Indian health insurance Industry.

Chapter 10 is the last chapter of the research study. It comprises of the observations came out from the hypothesis testing and analysis based upon secondary data. It also includes some suggestion based upon the study.

1.9 Limitation of the Study:

1. Due to number of restraint in terms of time, resource and efforts only the four companies, two (The New India Assurance Company Limited and the National Insurance Company Limited) from public sector and two (ICICI Lombard General Insurance Company Limited and Bajaj Allianz General Insurance Company Limited.) has been taken for research work.

2. The respondent for the study have been selected from M.P. (Madhya Pradesh) only so the perception of customers regarding health insurers and their products and services may vary from those people who lived in rest part of India.
3. There are wide range of health insurance products offered by different health insurers so only two basic products “Individual Mediclaim Policy and Family Floater Medicalim Policy” has been considered for research work and the responses regarding Individual and Floater Mediclaim policy only, has been analyzed.

4. Since the views form the customers of only the four companies has been analyzed so generalization of findings of the study should be considered carefully.

5. Secondary data has also been used in research so the limitation inherent in it should be considered.