

Indian Healthcare Insurance Market: An overview

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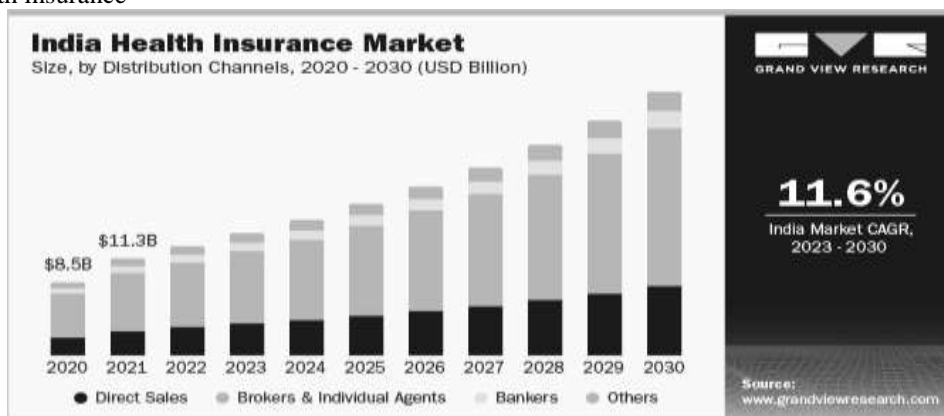
ABSTRACT:

Health insurance is a mechanism that provides financial coverage for sickness or injury. Over the past few decades, India's achievement in terms of health improvement has been remarkable but health insurance industry is still way behind many other developing countries. The health insurance segment in the country continues to witness steady growth on the back of growing healthcare costs and increasing penetration levels with total premium collection growing with right pace year-on-year. Understanding the low penetration in the Indian Health Insurance Industry leading MNCs of the world are venturing aggressively in to this sector. This study examines the changes that have taken place in the Indian health insurance industry over a period of time and the issues and challenges the industry faces. The study utilized available data from more than 20 researches and relative studies conducted with respect to the health insurance sector. The study is exploratory in nature. The secondary data has been used judiciously to study the different facets of health insurance sectors as well as to gain insights about leading Health Insurance Company.

Keywords: Healthcare Insurance, Insurance sector, Indian health insurance

I. INTRODUCTION:

The India health insurance market size was valued at USD 12.86 billion in 2022 and is expected to expand at a compound annual growth rate (CAGR) of 11.55% from 2023 to 2030. Health insurance coverage is rapidly increasing in India due to the rising costs of high-quality healthcare coupled with rising income levels, longer life expectancies, and an epidemiological change towards non-communicable diseases. The outbreak of COVID-19 has made individuals more aware of life's unpredictability and uncertainties and their lack of preparations in the occurrence of a medical emergency. As a result, over the past two years, the health insurance industry in India has undergone a significant shift. Customers' attitudes have changed considerably, as has their need for health insurance. The COVID-19 pandemic and rise in premium prices have contributed to the massive rush by people to insure themselves and their families against catastrophic out-of-pocket medical costs, as the total health insurance premium collected in India increased by a whopping around 25% in a year. Projection of Private health Insurance



Source: Grandview research.com

Objectives and Methodology

- To understand the changes those have taken place in health insurance sector with time.
- To identify the opportunities and challenges for the growth of Indian health insurance sector.

Factors that influence the purchase of health insurance

- Online purchase of health insurance policies is higher than even a highly penetrated category like life insurance
- Quick claim settlement and agent knowledge of the product are key factors driving consumers' choice of health insurance brands

As the economy struggles to get to its feet in the aftermath of the economic slowdown, consumer confidence in India remains weak. This fear of an under-performing economy and rise in prices often leads to a shift in consumer focus towards savings. Similarly, budgets are cut and spending is restricted to elementary needs such as health care, which is one of the top five concerns that consumers say affect household budgets. Fear of poor service (53%) and not getting the claim amount (50%) prevents a majority of people from seeking health insurance. Instead, they keep money in their savings accounts for medical emergencies. However, health insurance policies are sources of confidence for consumers who feel that they protect them from any unforeseen financial hardship. Health insurance is a category that has a lot of potential to grow as it is still at a nascent stage. Brand recall is lowest for the health insurance category when compared to other, more highly penetrated categories such as life and motor insurance. In spite of this, health insurance penetration and consumers' intention to purchase have increased in the past three years.

The two major triggers for consumers to consider getting health insurance are increasing incidence of new and fatal diseases and rising health care costs. Premium to be paid on the policy and coverage of diseases is what consumers look for in a policy. Consumers don't want to be surprised at the time of making the claim. Wide network of hospitals also matter to consumers. In addition, they seem wary of policies containing too many terms and conditions.

Apart from traditional purchase channels such as agents, companies and banks, more and more health insurance consumers are buying policies online. In fact, more consumers purchase health insurance than a highly penetrated category like life insurance. Consumers mentioned saving on

time and convenience are the biggest advantages of buying health insurance policies on the Internet. This preference for buying online presents an opportunity for companies to enhance the appeal of their health insurance by improving their digital presence to meet consumer expectations for online purchases.

Every year, Insurance Regulatory and Development Authority of India (IRDA) announce a list of the best health insurance companies. There are few important features that help it to rate the insurance companies, such as their performances, Incurred Claim Ratio, and overall benefits offered to their customers.

Key Companies & Market Share Insights

The Indian health insurance market is becoming more competitive as a result of the need for high-quality, affordable health policies. Therefore, companies undertake various strategic initiatives such as partnerships, collaborations, and new service launches, to strengthen their regional presence. For Instance, in November 2022, Star Health and Allied Insurance declared the launch of the Star Patient Care Insurance Policy, which goals to offer customers comprehensive health and wellness benefits at a reasonable price. Moreover, the Policy was developed to close the gap between inpatient hospital costs, which are covered by the health insurance sector, and outpatient costs. Some prominent players in the India health insurance market include:

- Star Health and Allied Insurance Co Ltd.
- Aditya Birla Group
- NivaBupa Health Insurance Company Limited
- Bajaj Allianz Health Insurance
- Bharti AXA Life Insurance
- New India Insurance
- United India
- ICICI Lombard
- National Insurance Company
- Tata AIG General Insurance Company Limited

India Health Insurance Market Report Segmentation

This report forecasts revenue growth at the country level and provides an analysis of the latest industry trends in each of the sub-segments from 2018 to 2030. For this study, Grand View Research has segmented the India health insurance market report based on duration, type of insurance provider, distribution channel, customer type, and state:

- **Duration Outlook (Revenue, Million, 2018 - 2030)**
- Life-Time Coverage
- Term Insurance
- **Type of Insurance Provider Outlook (Revenue, Million, 2018 - 2030)**
- Public Sector Insurers
- Private Sector Insurers
- Standalone Health Insurance Companies
- **Distribution Channels Outlook (Revenue, Million, 2018 - 2030)**
- Direct Sales
- Brokers and Individual Agents
- Bankers
- Others
- **Customer Type Outlook (Revenue, USD Million, 2018 - 2030)**
- Individuals
- Corporate houses/Business Units
- Others
- **State Outlook (Revenue, USD Million, 2018 - 2030)**
- Maharashtra
- Tamil Nadu
- Karnataka
- Delhi
- Gujrat
- Rest of state

II. CONCLUSION:

In India has limited experience of health insurance. Given that government has liberalized the insurance industry, health insurance is going to develop rapidly in future. The challenge is to see that it benefits the poor and the weak in terms of better coverage and health services at lower costs without the negative aspects of cost increase and over use of procedures and technology in provision of health care. The experience from other places suggest that if health insurance is left to the private market it will only cover those which have substantial ability to pay leaving out the poor and making them more vulnerable. Hence India should proactively make efforts to develop Social Health Insurance patterned after the German model where there is universal coverage, equal access to all and cost controlling measures such as prospective per capita payment to providers. Given that India does not have large organized sector employment the only option for such social health insurance is to develop it through co-operatives, associations and unions.

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