

A Study on Customer Satisfaction of Public and Private Sector Health Insurance Business in Kerala

Renju Chandran¹, Dr. P. K. Sundaresan²

¹Research Scholar, ²Research Supervisor

Department of Commerce & Research Centre, St. Albert's college, Ernakulam, Mob – 9388735011

Abstract: In modern world customer plays a vital role. It is the customer who is treated as the GOD i.e., Generator, Organiser, and Destructor of a product or service. Existence of the business always depends upon the satisfaction level of customers. Same is applicable to the insurance sector also. The Health insurance business earlier was dominated by 4 Public sector industries and they together enjoyed the monopoly in the field. But after Liberalisation the situation changed and there came the 17 Private players along with the 4 Standalone Health Insurers. The stiff competition in the industry paved way to improved services in order to capture the market share for long run and to attract new customers. The present study focuses on the level of customer satisfaction of Public and Private Sector Health Insurance Business in Kerala.

Keywords: Customer satisfaction, Health insurance, Insurer, Public sector, Private Sector

I. INTRODUCTION

Health insurance is a safeguard against rising medical costs. A health insurance policy is a contract between an insurer and an individual or group, in which the insurer agrees to provide specified health insurance at an agreed upon price. Health insurance usually provides either direct payment or reimbursement for expense associated with illness and injuries. Health insurance is a way to distribute the financial risk associated with the variation of individual's health care expenditures by pooling costs over time (pre payment) and over people (pooling). (OECD 2004). The cost range of protection provided by health insurance depends on the insurance provider and the policy purchased.

Varghese, Thomas (2013) Customer satisfaction on service quality is important on two counts as consumers look for easy interactions and claim settlement processes. Further, word of mouth communication is an important opinion forming source and nature of service received by persons who have utilized the service will result in positive or negative word of mouth communication. Prompt and reliable service and good service recovery in case of failure are essential in creating positive word of mouth communication. Conscious efforts must be made in these areas. Consumers have indicated trustworthiness of a company to be important while selecting a service

provider. Many studies on brand have suggested trust as an important factor in branding and creating of brand image is activities that call for action from multiple angles. Competing companies need to create a favourable brand image which will deliver better market share.

Varma, P R Swathy (2014) in her study found out that percentage of respondents taking their policy from public sector decreases as income increases. It is found that those who have annual income of more than Rs.1, 00,000/- are more interested in taking policies from the private sector. Young population is more interested in private sector. But aged group are more interested in taking policies from the public sector, because their mind is already set to the feeling that security & safety is more in the public than in the private sector.

With the increase in demand and opening up of the insurance sectors by the Government of India to private and global players, lead to phenomenal growth in terms of new players, and products and services. New technology will give customers better, wider, faster access to products and services than the options offered earlier. Competition between private and public sectors also increased. The study is to find out the customer satisfaction of both public and private sectors health insurance services provide by insurance companies.

II. OBJECTIVES OF STUDY

- To find out the reasons for taking health insurance policies.
- To analyse the level of customer satisfaction with respect to the services rendered by health insurance companies.
- To compare the satisfaction level of customers in public and private sectors..

HYPOTHESIS

- **H₀:** Customer satisfaction level of public sector health insurance is more than the private sector health insurance business in Kerala.

- **H₁:** Customer satisfaction level of public sector health insurance is not more than the private sector health insurance business in Kerala.

SCOPE OF THE STUDY

- The study was restricted to Ernakulam district in the state of Kerala.
- The study consists of various factors affecting customer satisfaction.

RESEARCH METHODOLOGY

The study was conducted in the Cochin city of Ernakulam district in the state of Kerala. For the purpose of study responses from 200 customers where collected through structured questionnaire. Convenience sampling method was used for collecting data. In which 100 responses were collected from public sector customers and 100 from private sector health insurance customers of Ernakulam district.

Both primary and secondary data are to be used for the study. Primary data is collected from the selected

customers of health insurance service. Direct Personnel investigation is used for collecting primary data. All the available sources of secondary data are also used for the study.

III. DATA ANALYSIS

Reliability Analysis

In this study reliability was examined on all items. As a test of reliability Cronbach’s Alpha was adopted to represent internal consistency. Table 1, shows the reliability test with all values greater than threshold of 0.60 (Walsh, 1995). Hence it can be conclude that the items reliably measure the defined constructs.

The reliability score of satisfaction shows the following results

**Table no : 1
 Reliability Statistics**

Cronbach's Alpha	N of Items
.946	11

Table no: 2

Demographic Characteristics of sample customers (n=200)

	Frequency	Percent	Valid Percent	Cumulative Percent
GENDER				
Male	102	51	51	51
Female	98	49	49	100.0
Total	200	100.0	100.0	
AGE				
less than 25 years	42	21	21	21
26-35 years	51	25.5	25.5	46.5
36-45 years	46	23	23	69.5
46-55 years	45	22.5	22.5	92
Above 56 years	16	8	8	100
Total	200	100.0	100.0	
MARITAL STATUS				
Single	56	28	28	28
Married	128	64	64	92
Divorced	16	8	8	100
Total	200	100.0	100.0	
EDUCATION				
Illiterate	4	2	2	2
Below matric	32	16	16	18
HSE	41	20.5	20.5	38.5

Graduation	82	41	41	79.5
Post Graduation	36	18	18	97.7
Others	5	2.5	2.5	100.0
Total	200	100.0	100.0	
EMPLOYMENT				
Employed	64	32	32	32
Self employed	36	18	18	50
Unemployed	59	29.5	29.5	79.5
Professional	31	15.5	15.5	95
Retired	10	5	5	100.0
Total	200	100.0	100.0	
INCOME				
Less than 75000	50	25	25	25
75001-150000	104	52	52	77
150001-225000	27	13.5	13.5	90.5
225001-300000	9	4.5	4.5	95
300000 and above	10	5	5	100.0
Total	200	100.0	100.0	
TYPE OF FAMILY				
Joint	45	22.5	22.7	22.7
Nuclear	155	77.5	77.3	100.0
Total	200	100.0	100.0	

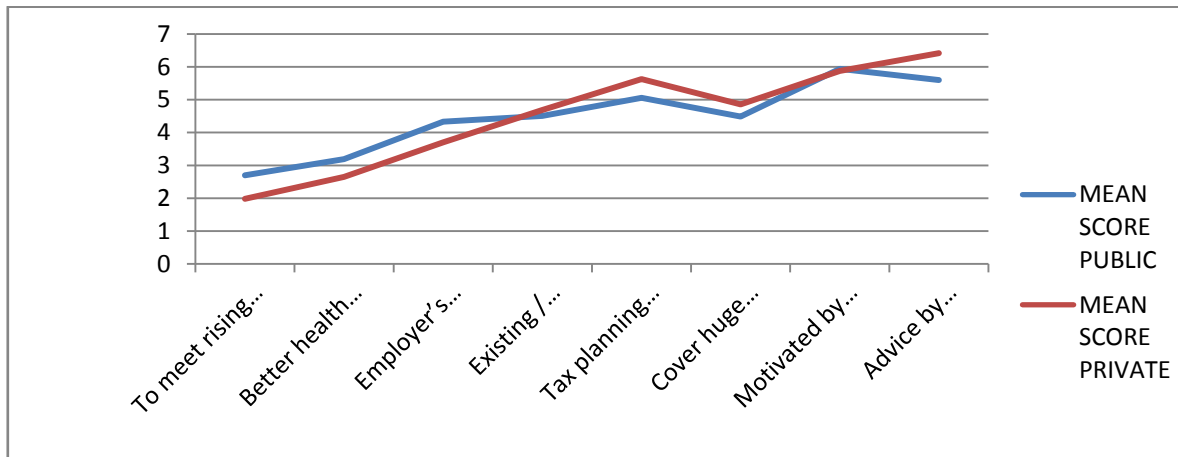
Source : Primary data

The above given table reveals the demographic characteristics of the sample customers.

• REASONS FOR TAKING HEALTH INSURANCE

SL.NO	STATEMENTS	MEAN SCORE PUBLIC	RANK PUBLIC	MEAN SCORE PRIVATE	RANK PRIVATE	STANDARD DEVIATION PUBLIC	STANDARD DEVIATION PRIVATE
a.	To meet rising medical costs	2.70	1	1.98	1	2.00	1.21
b.	Better health care for family & good quality medical treatment	3.19	2	2.65	2	1.96	1.20
c.	Employer's contribution	4.33	3	3.70	3	2.20	2.15
d.	Existing / Expecting health problems	4.51	5	4.69	4	1.86	1.41
e.	Tax planning measure	5.06	6	5.63	6	2.07	1.68
f.	Cover huge medical expenses	4.49	4	4.86	5	1.92	1.81
g.	Motivated by Agents and Brokers	5.94	8	5.88	7	1.91	2.10
h.	Advice by friends & relatives	5.60	7	6.42	8	2.39	2.13

Source : Primary data



Source : Primary data

The above table shows the various reasons for taking health insurance. From the table it is clear that customers take health insurance to meet rising medical costs followed by to provide better health care to family apart from the sectors of insurance. Third reason was the employer's contribution which indicates some customers are covered under ESI schemes. To cover the huge medical costs was the 4th reason for taking health insurance in public sector while it ranked 5th in private

sector. Existing / expecting health problems comes under rank 5 in public sector while it ranked 4 in private sector. Health insurance as a Tax planning measure ranked at 6th position which was same in both the sector. Motivation from the part of agents and advice from the friends are least ranked statements which means that two statements has less influence in the purchase decision of health insurance

• LEVEL OF CUSTOMER SATISFACTION WITH RESPECT TO THE SERVICES RENDERED BY HEALTH INSURANCE COMPANIES

Table no : 3

SL.NO	STATEMENTS	MEAN SCORE PUBLIC	MEAN SCORE PRIVATE	STANDARD DEVIATION PUBLIC	STANDARD DEVIATION PRIVATE
1	Services/ Attitude	4.2	4.10	0.603	0.916
2	Prompt delivery of policies	3.85	3.86	0.575	0.862
3	Premium amount	4.15	3.54	0.797	1.072
4	Goodwill & reputation	4.0875	4.04	0.888	0.864
5	Products or Schemes available	4.0625	3.79	0.847	1
6	Accessibility or convenient locations	3.925	3.8	0.725	0.954
7	Customer friendliness of employees and officials.	3.9875	3.85	0.754	1.061
8	Grievances settlement	3.9125	3.91	0.732	1.074
9	Claim settlement	4.0625	3.79	0.918	1.045
10	Providing information on latest schemes and benefits to customers.	3.9	3.66	1.038	0.948
11	Timely issue of renewal policies	4.0875	3.79	0.749	0.98382

Source : Primary data

From the above factors following findings are drawn in case of Services/ Attitude of insurers the public sector health insurers have private sector health insurer. Standard

deviation of public sector was 0.603 and private sector was 0.916 respectively. In case of prompt delivery of policies there is only a slight difference of 0.01 between the public

and private sector insurers. In case of premium amount there is a great variation among two sectors and public sector leads in this area. In case of goodwill and reputation, products and services available, accessibility or convenient locations, and customer friendliness of employees and officials public sector leads in the market. In case of the grievances settlement both the sectors have equal mean score which indicates that customers are equally satisfied in case of grievance settlement system. In providing information on latest schemes and benefits to customers and timely issue of renewal policies also public sector leads in the market.

Technology, Kochi, Kerala, India;
<http://hdl.handle.net/10603/19228>

From the above analysis null hypothesis is accepted and alternative hypothesis is rejected. So to conclude the satisfaction level of public sector health insurers is more than the private sector health insurers.

IV. CONCLUSION

To conclude in case of reasons for taking health insurance, customers of both the sector take health insurance for meeting rising medical costs. When it comes to satisfaction level customers of public sector health insurance is more than the private sector health insurance in Kerala.

V. REFERENCES

- [1] Gobind Johri,(2009) “ Customer satisfaction in general insurance industry-A steps towards competitiveness.” Journal of Risk and Insurance Pravartak, vol. IV issue 3, March.
- [2] Hallowell, Roger (1996),“The relationships of customer satisfaction, customer loyalty, and profitability: An empirical study”, International Journal of Service Industry Management 7(4), Emerald, 27-42.
- [3] .A.Priya, R.Srinivasan(2015) “A Study on Customer Awareness towards Health Insurance With Special Reference to Coimbatore City” IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 17, Issue 7.Ver. III (July. 2015), PP 50-54
- [4] V.N. Parthiban (2014)“A Study on Service Quality Perceptions and Customer Satisfaction in Private Sector Life Insurance Companies: A Study with Special Reference to Chennai City” International Journal on Recent and Innovation Trends in Computing and Communication ISSN: 2321-8169; Volume: 2 Issue: 10; pp 3130 – 3133
- [5] Varma, P R Swathy (2014) “A comparative study of public and private sector in general insurance” Mahatma Gandhi University, Kottayam, Kerala, India; <http://hdl.handle.net/10603/25817>
- [6] Varghese, Thomas (2013)” Determinants of consumer purchase decisions of health insurance in Kerala” School of Management Studies; Cochin University of Science and