



Policyholders' Perception on Mediclaim Insurance Policy : with Reference to Visakhapatnam City

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Abstract

Insurance is a form of risk management which is used primarily to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of loss, from one entity to another, in exchange for payment. Health insurance holds a lot of business potential in India. After deregulation of general insurance sector in 1999, more than twenty companies have been established in India and almost all of them are offering health insurance. Security has been a worldwide desire precisely from the earliest civilizations. This pursuit for security has led to the notion of insurance. Mediclaim is one of the most vital social security measures undertaken in the country. This study investigates the Policyholders' perception on Mediclaim Insurance Policy. Data have been collected from 200 policyholders in the Visakhapatnam City of Andhra Pradesh. The findings of this study provide the individual perception about the insurance policies.

Key words: Mediclaim, Health Insurance, earthquake, natural calamities

Introduction

Man may suffer from accident, fire, flood, perils, earthquake, theft and other natural calamities. Whenever there is uncertainty there is risk as well as insecurity. In order to protect the public from risk and insuring, insurance came in being. Most of the people prefer to avoid risks like illness, disability, accident, damage of the property etc., by taking insurance policies. Insurance doesn't eliminate loss arising from uncertain events, but it only spreads the loss over a large number of people who insured themselves against risk and compensates fully.

Insurance is defined as cooperative device to spread the loss caused by a particular risk over a number of people who are exposed to it, and who

agree to ensure themselves against that risk. Risk is uncertainty of a financial loss. It should not be confused with the chance of loss which is the probable number of losses out of a given number of exposures. Insurance provides certainty of payment at the uncertainty of loss. The uncertainty of loss can be reduced by better planning and administration.

In India insurance business is classified as life and non-life or general insurance. Life insurance includes all risks related to lives of human beings and general insurance covers the rest. General insurance has three classifications namely fire, marine and miscellaneous. Personal accident and sickness insurance, which is related to human beings is classified as 'non-life' in India but is classified as 'life' in many other countries. Insurance is a contract



by which the insurer agrees to compensate the insured for the loss arising from the risk insured against. The insurer makes the promise in return for the premium which the insured agreed to pay regularly, either in monthly, quarterly, half yearly or annually. The person whose risk is insured is called the insured or assured. The person, who injured risk of insured and agrees to compensate the loss arising from the risk, is called insurer or assessor. Thus insurance is the provision, which a prudent man makes against risk or misfortune.

Purpose of Health Insurance

Every individual should purchase an affordable health insurance plan to cover the expensive medical costs incurred for various health related expenses like serious health disorders or illnesses, routine check-ups, diagnosis tests, physical examinations, prescription drugs, doctor consultation and various other expenses.

The coverage benefits and costing differ from plan to plan and varies with every insurance provider. Hence, one should perform adequate research on the web and compare the free instant quotes mailed to you within seconds before finalizing on the policy.

Health insurance plans enable you to take extra care of your health. This is because, when you do routine physical examinations, if you need to pay a nominal sum to get check-ups done rather than the actual fee, you would not tend to skip these tests. Otherwise, individuals do not go for check-ups in order to avoid the expenses for medical examinations. It also gives the comfort and psychological relief that in case sudden medical expenses are huge, the

insurance plan will take care of most of these expenses.

Every insured person should be aware of the terms and conditions of coverage of the health insurance plan they purchase. Some health insurance plans offer full reimbursement only when any medical expert, clinic or hospital that is tied up to its network is consulted. Otherwise, the individuals may have to bear a certain percentage of the expense out of their pockets. Sometimes, insurance companies insist to inform them before getting admitted for elective surgeries in order to get full reimbursement of the medical expenses. Every individual should purchase a health insurance plan during their early years of life in order to reap best benefits as an average individual having a fit body at the time of applying for insurance will face lesser restrictions from the insurance provider for offering coverage benefits.

Mediclaim Insurance Policy

The policy covers reimbursement of hospitalization/domiciliary hospitalization expenses for illness/diseases or injury sustained. In the event of any claim becoming admissible under this scheme, the company will pay to the insured person the amount of such expenses as would fall under different needs as are reasonable and necessarily incurred thereof by or on behalf of such insured person, but not exceeding the sum insured in aggregate in any one period of insurance.

- ❖ Room, boarding expenses are charged by the hospital/nursing home.
- ❖ Nursing expenses
- ❖ Surgeon, anesthetist, medical practitioner consultants, specialist's fees.



❖ Anesthesia, blood, oxygen, operation theater charges, surgical appliances and cost of organs and similar expenses.

Types of Mediclaim Insurance Policy

Individual Mediclaim

The individual Mediclaim policy covers the hospitalization expenses for an individual up to the sum assured limit. The insurance premium is dependent on the sum assured value.

Family Floater Policy

Family Floater Policies are enhanced version of a Mediclaim Policy. The sum assured value floats among the family members; i.e., each opted family member is covered under the policy, and expenses for the entire family, up to sum assured limit, can be claimed. The premium for family floater plans is less than that for separate insurance cover for each family member.

Unit Linked Health Plans

Health insurance companies have introduced Unit Linked Health Plans, too. Such plans combine health insurance with an investment plan and pay back an amount at the end of the insurance term. The returns are based on market performance. This is only recommended for people who have the risk profile to invest in market linked products.

Objectives of the Study

The main objectives of the study are as follows:

❖ To enquire into the socio-economic conditions of respondents in select city

❖ To study the Policyholders' Perception on Mediclaim Insurance Policy in the select city

❖ To identify the level of satisfaction of respondents on various aspects of the policies at Visakhapatnam City.

❖ To give suitable suggestions based upon the results of the study.

Research Methodology

This study is basically an analytical study based on primary research as well as also related to the analysis of the perceptions of Policyholders' towards Mediclaim Insurance Policy. In order to conduct this study, 200 policyholders in Visakhapatnam City have been selected by convenience sampling method and mainly questionnaire has been used for collecting the data. All the data required for this analytical study has been obtained mainly from primary sources, but at times, secondary sources of data have also been considered. The data collection method used to obtain the desired information from primary sources has been through direct interview and questionnaire has been used as an instrument. For measuring various phenomena and analyzing the collected data effectively and efficiently to draw sound conclusions, for analyzing the responses of customers we have used simple percentage analysis.

Data Analysis and Interpretation

Age Composition

Any organization big or small needs strong, energetic and dynamic work force in the productive age group. It is an important variable because it has direct relation with one's mental maturity and the consequent awareness about what is going on in the society.



Table 1: Age Composition

Years	No. of Respondents	Percentage
Below 30	48	24.00
31-40	36	18.00
41-50	55	27.50
51 & above	61	30.50
Total	200	100.00

Source: Primary Data

The highest number of respondents (30.50 percent) belongs to more than 50 years age group, 27.50 percent were found in the 41 – 50 years category, while, 48 respondents (24.00 percent) were below 30 years. And remaining respondents (18.00 percent) are in the group of 31- 40 years.

Education

Education is considered to be the chief means of social awareness and development. Education makes man a

rational thinker. Educated persons have access to mass media and communication channels and are more likely to take preventive measures than less educated persons. Education enlightens the human beings towards their work as well as responsibilities. But in our rural society, the rate of illiteracy is very high. It may be noted that in this context that the pace of industrialization is critically dependent upon the educated and trained man power.

Table 2 Educational status

Level of Education	No. of Respondents	Percentage
Illiterate	38	19.00
School Level & Intermediate	61	30.50
Graduate and Post Graduate	78	39.00
Technical	23	11.50
Total	200	100.00

Source: Primary Data

The study revealed that 39.00 percent of the respondents were graduates and post graduates. As many

as respondents (30.50 percent) studied school level and intermediate education. 19.00 percent of the respondents are



illiterates. The remaining respondents (11.50 percent) were technical background. Majority of the respondents are graduates and post graduates.

Marital Status

Marital status refers to the stage in which an individual is present in

the family life cycle. Each life cycle stage differs from previous stages in terms of structure, financial position, consumption pattern, health needs and preferences. Marriage brings an important and major change in the lives of men and women irrespective of their economic position.

Table 3 Marital Status

Marital Status	No. of Respondents	Percentage
Unmarried	60	30.00
Married	140	70.00
Total	200	100.00

Source: Primary Data

From the above table it is clear that 70.00 percent of the respondents are married persons and remaining 30.00 percent are unmarried persons. Most of the respondents are married.

Type of Family

In urbanized India, nuclear families are quite common while in rural India there are still joint families and extended families. Joint family is considered to be a characteristic of the institutional structure of Indian society. Policyholders' family position is shown in Table 4.

Table 4 Type of Family

Type of Family	No. of Respondents	Percentage
Joint	74	37.00
Nuclear	126	63.00
Total	200	100.00

Source: Primary data

The above table indicates that majority of the respondents (63.00 percent) belong to nuclear family and 74 respondents (37.00 percent) belong to joint family. Majority of the respondents are in nuclear family.

Monthly Income

The status and standard of living of a person is determined by the income he/she gets. Policyholders' monthly earning position is shown in the table 5.

Table 5 Monthly Income

Monthly Income (Rs.)	No. of Respondents	Percentage
Below 20,000	80	40.00
20,000-30,000	78	39.00
Above 30,000	42	21.00
Total	200	100.00

Source: Primary Data



It is observed that 40.00 percent of the respondents are earning below Rs. 20,000 as a monthly income, 39.00 percent of the respondents are earning in the range of Rs. 20,000- Rs.30, 000 and 21.00 percent of the respondents are earning above Rs. 30,000 as a monthly income. Majority of the respondents are

earning below Rs. 20,000 as a monthly income.

Reasons for taking Mediciam Insurance

Policyholders' opinion on reasons for taking mediclaim insurance in the following table 6.

Table 6 Reasons for taking Policy

Reasons	No. of Respondents	Percentage
Popularity	35	17.50
Tax benefit	49	24.50
Medical Expenses are More	116	58.00
Total	200	100.00

Source: Primary Data

The above table shows that out of 200 respondents 58.00 percent of the respondents are taken this policy in view of increasing medical expenses, 24.50 percent of the respondents are taken to avail tax benefit and 17.50 percent of the respondents are taken because of popularity. Majority of the respondents

are taken policy due to increasing medical expenses.

Types of Mediciam Insurance Policy

Mediciam Insurance Policy can be classified into two types (i) Individual policy and (ii) Joint policy.

Table 7 Classification of Mediciam Insurance Policy

Policy Type	No. of Respondents	Percentage
Individual Policy	130	65.00
Joint Policy	70	35.00
Total	200	100.00

Source: Primary Data

From the above table it is understood that 65.00 percent of the respondents are taken individual policy and 35.00 percent of the respondents are taken joint policy. Hence, majority of the respondents are taken individual policy.

Annual Premium Amount

Annual premium amount of the respondents are shown in the below Table 8.



Table 8 Annual Premium Amount

Premium Amount (Rs.)	No. of Respondents	Percentage
Below 15,000	91	45.50
15,000-30,000	74	37.00
Above 30,000	35	17.50
Total	200	100.00

Source: Primary Data

From the above table shows that 45.50 percent of the respondents' annual premium is below Rs. 15,000, 37.00 percent of the respondents' annual premium is in the range of Rs. 15,000-30,000. The remaining respondents' annual premium is above Rs.30,000.

Hence, majority of the respondents' annual premium is below Rs. 15,000.

Premium Amount

Respondents' opinion on premium amount in the following Table 9.

Table 9 Opinion about Premium Amount

Premium Amount (Rs.)	No. of Respondents	Percentage
Higher	88	44.00
Moderate	68	34.00
Lower	44	22.00
Total	200	100.00

Source: Primary Data

From the above table it is known that 44.00 percent of the respondents felt that the premium amount is higher followed by 34.00 percent felt that premium amount is moderate. The remaining 22.00 percent of the respondents feel that it is lower. Hence, the majority of the respondents feel that the premium amount is higher.

Suggestions

Based on the findings of the study, the following suggestions are offered.

- ❖ Most of the people are not aware of the Mediciam Insurance Policy. So, the Mediciam Insurance Company

should take steps to introduce promotional techniques like advertisements for publicity.

- ❖ It is found that the majority of the respondents feel that premium amount is higher. So, the insurance company should reduce the premium amount to the policy holders. If the premium amount is reduced it helps the poor people to take the Mediciam insurance policy.

Conclusion

Insurance is a device by which one can protect himself against risk of one kind or the other. In USA and Canada taking mediciam policy is



compulsory, but in India it is not so prevail. In India General Insurance Corporation shall give more emphasize to advertisements to create the awareness among the people in addition to the employment of agents. Insurance services providers will therefore have to introduce proactive strategies that are primarily aimed at educating consumers and encouraging greater usage of Mediclaim. It is found that income tax assesses are interested to take this policy for tax benefit. It is also very essential for business concern to formulate better marketing strategy and to keep their customers with more satisfaction. So, Mediclaim insurance policy is very useful and effective one in the world. The study can also help to assess the current offerings of the service providers, to find gaps and thus repair them.

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