

HEALTH INSURANCE IN INDIA: AN APPRAISAL

¹Shaik Shakeela ²Chilumuri Srinivasa Rao

¹Research Scholar, ²Professor

^{1,2}Dept. of Commerce, Vikramasimhapuri University P.G Centre, Kavali, Andhra Pradesh, India.

ABSTRACT

Insurance occupies an important place in the complex modern world since risk, which can be insured, has increased enormously in every walk of life. This has led to growth in the insurance business and evolution of various types of insurance covers. The Indian Insurance Sector is basically divided into two categories Life Insurance and Non-life Insurance. The Insurance sector in India consists of total 57 insurance companies. Out of which 24 companies are the life insurance providers and the remaining 33 are non-life insurers, out of which there are seven public sector companies.

Health insurance is one of the parts of non-life insurance sector in India. Health insurance is a form of insurance whose payment is contingent on the insured incurring additional expenses or losing income because of incapacity or loss of good health. Health insurance three parties namely the insured, the insurer and the provider (network hospital). There is also TPA which acts as an extended arm of the insurance company and helps in claim processing, managing the hospital networks and helping in enrollment of customers. The objective of this paper to Appraisal of health insurance in India. Based on secondary data, from IRDA annual reports, related books and articles analysis, this paper was prepared and concluded with findings and conclusion.

Key words: Insurer, provider, TPA, RSBY, health insurance.

INTRODUCTION

Insurance has its history dating back until 1818, when Oriental Life Insurance Company was started by Anita Bhavsar in Kolkata to cater to the needs of European community. The Non-life Insurance sector is also termed as General Insurance. Both the Life Insurance and the Non-life Insurance is governed by the Insurance Regulatory and Development Authority of India (IRDAI). This government organization thoroughly monitors the entire insurance sector in India and also acts like a custodian of all the insurance consumer rights. This is the reason all the insurers have to abide by the rules and regulations of the IRDA. Health insurance as a tool to finance health care, has very recently gained popularity in India. A Health Insurance Policy is a contract between an insurer and an individual or a group in which the insurer agrees to provide specified health insurance cover at a premium. Depending on a policy, the premium may be payable either as a lump sum amount or in installments. Health Insurance generally provides direct payment or reimbursement of expenses incurred during an illness. However, life insurance companies also allowed selling health insurance products. Health insurance could be either a personal scheme or a group scheme sponsored by an employer.

OBJECTIVE OF THE STUDY

- The main object of this paper is to appraise the health insurance in India.

RESEARCH METHODOLOGY

This Research paper is based on secondary data. The secondary data have been collected from various sources from books, magazines, journals, newspapers, published and unpublished articles websites etc.

INSURANCE IN INDIA

Insurance industry in India has seen a major growth in the last decade along with an introduction of a huge number of advanced products. This has led to a tough competition with a positive and healthy outcome. Insurance sector in India plays a dynamic role in the wellbeing of its economy. It substantially increases the opportunities for savings amongst the individuals, safeguards their future and helps the insurance sector form a massive pool of funds. With the help of these funds, the insurance sector highly contributes to the capital markets, thereby increasing large infrastructure developments in India.

HEALTH INSURANCE IN INDIA

The health insurance is growing day to day due to different types of new business, the life style of the people, population, environment factors, ect., it has been started in the year 1986. As a number of health insurance companies are coming up in the market with a wide range of feature and benefits in their health insurance policies. The policies are going through different websites and companies, it is critical to select the health insurance company wisely along with the policy so that the claim will be settled on time without any hassle in the hour of need. There are several things that we need to understand about health insurance companies such as fact and figures about public and private insurance companies on India. A right health insurance companies can benefits in several way such as good climes. Hospitalization and medicine expenses, etc. As many companies do not cover certain thing in the polices. In India, currently there are 34 general insurance companies registered with IRDA, out of 24 health insurers providing easy access to quality health care as per the 2017-18 IRDA annual report.

HEALTH INSURANCE SCHEMES IN INDIA

Nation health insurance schemes are the initiated by National Govt. make health insurance accessible to the poor and destitute. The Indian government has launched some health insurance schemes. Like Rashtriya swasthiya Bima Yojana (RSBY), Employment State Insurance Scheme (ESIS), Central Govt. Health Scheme (CGHS), Aam Aadmi Bima Yojana(AABY), Universal Health Insurance Scheme(UHIS), .Janashree Bima Yojan(JBY), Ayushman Bharath- Major National Health Protection Mission. These schemes are benefited by above and below poverty line families.

Total policies issued and number of lives covered under Health insurance sector in India during the year 2017-18 in general and health insurance policies have issued around 1.47crore health insurance policies covering total of around 48.20crore lives and registered a growth of 10% in number of lives covered, three fourth of the lives were covered under government sponsored health insurance schemes and the balance one fourth were covered by group and individual policies issued by general and health insurers.

COVERAGE OF HEALTH INSURANCE SECTOR

Table-1 shows Health insurance sector is classified into Govt. sponsored health insurance, Group health insurance other than govt. sponsored and Individual health insurance in the period of five years. From the year 2013 Govt. sponsored business were 72% to increased 77% in 2016; it decreased to 75% in 2017. In the year 2013 Group insurance were 16% increased to 19% in 2017. From 2013 Individual health insurance was 13% decreased to 6% in 2017. In the year 2013 Total number of persons covered by health insurance was 2162lakhs, increased to 4820Lakhs in 2017. In the year 2014 total growth rate were 33.41% decreased to 16.17% in 2017.

Table -1 Number of Persons Covered by Health Insurance Sector (In Lakh)

| Years | Government Business | Group Business | Individual Business | Total | Growth Rate (%) |
|---------|---------------------|----------------|---------------------|-------------|-----------------|
| 2013-14 | 1553(72%) | 337 (16%) | 272 (13%) | 2162 (100%) | -- |
| 2014-15 | 2143 (74%) | 486 (17%) | 254 (9%) | 2880 (100%) | 33.21 |
| 2015-16 | 2733 (76%) | 570 (16%) | 287 (8%) | 3590 (100%) | 24.65 |
| 2016-17 | 3350 (77%) | 705 (16%) | 320 (7%) | 4375 (100%) | 21.86 |
| 2017-18 | 3593 (75%) | 894 (19%) | 336 (6%) | 4820 (100%) | 16.17 |

Source: IRDA Annual report

Note: Figure in bracket indicates the share of each class of business in total number of persons covered.

HEALTH INSURANCE PREMIUM IN INDIA

Table-2 explains Total health insurance premium in the period of five years. The total health insurance premium was Rs. 17,495 Lakhs in 2013, it increased to Rs.37,029 Lakhs in 2017. The health insurance premium growth rates were 15% in 2014 increased to 22% in 2017. In the year 2013 public sector general insurance were 62% in 2014 decreased to 22% in 2017. The public sector general insurers to hold large market share. The private general insurers were decline the market share of premium were 26% in 2013 to 21% in 2017.The share of standalone health insurers in health insurance premium gone up from 12% in 2013 to 21% in 2017.

Table-2 Health Insurance Premium in India (Rs. in Lakh)

| Years | public Sector General Insurance | Private Sector General Insurance | Stand Alone Health Insurance | Industry Total | Growth rate (%) |
|---------|---------------------------------|----------------------------------|------------------------------|----------------|-----------------|
| 2013-14 | 10841(62%) | 4482(26%) | 2172(12%) | 17495(100%) | -- |
| 2014-15 | 12882(64%) | 4386(22%) | 2828(14%) | 20096(100%) | 15 |
| 2015-16 | 15591(64%) | 4911(20%) | 3946(16%) | 24448(100%) | 22 |
| 2016-17 | 19227(63%) | 5632(19%) | 5532(18%) | 30392(100%) | 24 |
| 2017-18 | 21509(58%) | 7689(21%) | 7831(21%) | 37029(100%) | 22 |

Source: IRDA Annual reports.

CLAIM RATIO OF HEALTH INSURERS

Table-3 demonstrates Net incurred claim ratio of health insurers in the period of five years. In the year 2013 public sector general insurers were 106% increased to 108% in 2017-18. The private sector insurers were 87% in 2013 decreased to 80% in 2017. In the year 2013 stand-alone health insurers were 67% decreased to 62% in 2017. The total industry average incurred claim ratio were 97% in 2013 and 94% in 2017-18.

Table-3 Net Incurred Claim ratio of Health Insurers (%)

| Year | Public Sector General Insurers | Private Sector Insurer | Stand-Alone Health Insurer | Total Industry (Average) |
|---------|--------------------------------|------------------------|----------------------------|--------------------------|
| 2013-14 | 106% | 87% | 67% | 97% |
| 2014-15 | 112% | 84% | 63% | 101% |
| 2015-16 | 117% | 81% | 53% | 102% |
| 2016-17 | 122% | 84% | 58% | 106% |
| 2017-18 | 108% | 80% | 62% | 94% |

HEALTH INSURANCE COMPANIES POSITION IN INDIA

In India as discussed Table-4, multiple health insurance companies that deal in different forms of general insurance products in 2017-18. It is most important thing to insurance policies that can financial assistance in case a medical emergency where we need a quality treatment but what if we claim to get rejected. An insurance company's claim settlement ratio refers the proportion of claim settled by it against the total claim raised. A higher claim settlement ratio means there is higher chance of getting claim approved in time of need. Solvency ratio refers to the proportion of liabilities. A higher solvency ratio means that, the insurers have a higher proportion of asset holding. It will be good news for customers as in the case of bulk claim, the company will have enough to pay the claim to the customers. Highest incurred settlement ratio was 115% in National Insurance Company and lowest ratio was 18.18% in Raheja QBE insurance company. Star Health & Allied hospital provides 8400+ cashless hospitals facilities and 1200+ hospitals provide cashless facility by New India Assurance Company. The lower proportion asset holding company was 0% in Raheja QBE General insurance company. The higher proportion asset holding companies were 100% in Shriram General Insurance, HDFC ERGO, Universal Sampo, Max Bupa health insurance, Liberty Videocon general insurance companies.

Table-4 Health Insurance Companies Position in India

| S.No | Company | Headquarter | Incurred Settlement Ratio (%) | Cashless Hospitals | Grievance Solved (%) |
|------|----------------------|-------------|-------------------------------|--------------------|----------------------|
| 1 | National Insurance | Kolkata | 115.55 | 6000+ | 97.07 |
| 2 | New India Assurance | Mumbai | 103.19 | 1200+ | 99.94 |
| 3 | Oriental Insurance | New Delhi | 113.86 | 4300+ | 73.83 |
| 4 | United India | Chennai | 110.95 | 700+ | 96.59 |
| 5 | Raheja QBE | Mumbai | 18.19 | 2000+ | 0 |
| 6 | Shriram General | Gurugram | 50.83 | 2800+ | 100 |
| 7 | Iffco Tokio General | Gurugram | 90.69 | 4300+ | 98.47 |
| 8 | Reliance General | Mumbai | 106.54 | 4000+ | 98.49 |
| 9 | Bajaj Allianz | Pune | 76.61 | 6000+ | 99.78 |
| 10 | Royal Sundaram | Chennai | 61.41 | 3100+ | 99.74 |
| 11 | Tata AIG | Mumbai | 60.68 | 3000+ | 99.9 |
| 12 | Choramandal | Chennai | 39.96 | 8000+ | 99.55 |
| 13 | Hdfc Ergo | Mumbai | 52.58 | 6000+ | 100 |
| 14 | Star Health & Allied | Chennai | 61.76 | 8400+ | 98.96 |
| 15 | Appolo Munch | Gurugram | 62.47 | 4650+ | 96.73 |
| 16 | Universal Sampo | Mumbai | 104.17 | 4000+ | 100 |
| 17 | Futur General | Mumbai | 87.42 | 5000+ | 99.73 |
| 18 | Bharati Axa | Mumbai | 98.5 | 4500+ | 99.73 |
| 19 | Max Bupa | New Delhi | 50.19 | 3500+ | 100 |
| 20 | Sbi General | Mumbai | 52.93 | 3000+ | 96.01 |
| 21 | Religae | New Delhi | 51.97 | 5420+ | 99.03 |
| 22 | Liberty Videocon | Mumbai | 74.58 | 4000+ | 100 |
| 23 | Magma HDI | New Delhi | 34.93 | 3000+ | 55.86 |
| 24 | Manipalcigna | Mumbai | 46.29 | 2940 | 99.58 |

Source: Compiled from various general insurance companies

FINDINGS AND CONCLUSION

Total number of persons covered by health insurance policies in India was 44,855 increased in between 2013 to 2017. The health insurance premium was 47.25% increased by last five years. The average of net incurred claim ratio was 10.37% increased in between 2013 to 2016 and in 2017 it decline to 12.76%. The Indian health insurance industry is growing at fast pace, so that several issues and challenges to bring in the insurance market system. There is need to understand the important relationship between claim cost paid by insurer, components of hospitalization cost and the risk covered by them, finally overall insurance sector is expects to reach USD 280 billion by 2020. The IRDA should have taken care about the development of Health insurance and need to introduce No. of Health Schemes with minimum premium with best projection of the consumer. There is a need to create awareness about Health insurance importance and advantages to the society to convert as Health Society.

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