Impact Of Awareness On Purchase Of Mediclaim Insurance Policy By The Bank Customers

Pratik Biswas, Mridanish Jha

Abstract: Today a common man is very health conscious, and banks (both private and public) have started providing health insurance schemes to their customers, which is popularly known as mediclaim insurance. Awareness plays a vital role in influencing people to purchase the mediclaim insurance policies. However at the same time low level of awareness with regard to mediclaim insurance creates the difference among the customers. The number of mediclaim insurance sold by banks in India is much less than expected. The reason for such less mediclaim insurance customers in the bank can be explained with the help of a series of socio-economic causes, and due to lack of proper awareness. In this paper the relationship between the level of awareness and purchase of mediclaim insurance policy by the bank customers is presented.

Index Terms : awareness, bank, education, Insurance, mediclaim.

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1. INTRODUCTION

TODAY just like private banks the public sector banks have changed their interaction with the customers. Several decades ago various types of services were available in private banks only and a public sector bank was known only for conducting pure banking functions. Now a day's customers have different bank accounts, therefore banks have changed their way of handling their customers and try to respond quickly to their needs and demands. Mediclaim insurance (Cashless Bima policy) is a unique health insurance policy designed especially for the account holders of all types of banks. The policy covers the account holder, spouse and two dependent children (Three children in some banks). This policy covers hospitalization expenses for account holder and family. In case of hospitalization expenses, the entire family is covered for the floater sum insured as opted for, i.e. either one or all members of the family can utilize the sum insured during the policy [1].The behavior of the consumer of insurance services is influenced by numerous factors that can be classified in several categories such as situational factors (factors appearing in all the phases of the decision process: before the acquisition of the insurance policy, during the acquisition and after the purchase), factors related to the marketing activity of insurance companies, characteristics of the insurance products and distribution of insurance services. Factors related to the premiums paid and the payment facilities offered by the insurance companies' plays an important role. The external environment (natural, demographical, economical, legislative and technological) also influences the purchase decision. At the same time level of education of customer (not only degree point of view) and awareness are two vital factors [2].Some of the researchers have discussed about the attitude of the customers while some of them about satisfaction of the customers. [3].Now a day's health care expenditure is consistently increasing. In this situation more money is required to pay hospital bill or expenses. Common people suffer a lot to meet these expenses, especially those, who are not monetarily that much affluent, even in some cases people

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have to sell their valuable assets too. With increased medical expenses, the possibility of any illness leading to hospitalization or surgery is a constant source of anxiety unless the family is monetarily sound. In case of healthcare insurance, investing a small amount when people are healthy can meet the health care cost when they need it. Actually people prefer the certainty of insurance to the uncertainty of illness. Mediclaim insurance is basically a tool to minimize uncertainty [3]. The demand for mediclaim insurance is analyzed at two levels. One is the factor affecting the decision to purchase mediclaim policy and the second is coverage of mediclaim insurance. Several factors like income, age, knowledge about insurance, perception regarding future healthcare expenditure and number of children in a family affect the purchase of health insurance policy[4][5] .It is also found that customers having prior knowledge about mediclaim insurance think alike irrespective of gender, age, educational qualification and social status. Actually decision is based on judgment and prior knowledge helps us to take this decision [6]. The banking industry all over India has experienced remarkable change and increased growth in earnings from selling insurance products. Though mediclaim policy is different from the other policies, it has many takers among the right customers [7]. In this paper, an attempt is made to know the impact of product awareness on purchase of mediclaim insurance policy by the bank customers.

2. WHY MEDICLAIM INSURANCE

Today's lifestyle is very hectic filled with tension and stress which makes the common people weaker to disease. On the other hand medical expenses are running like anything. It has become difficult to face the increasing costs of the doctor's bills and hospital charges. In these circumstances if one has mediclaim insurance then it reduces financial anxiety and mental stress associated with the cost of treatment. Mediclaim insurance provided by different banks to their customers is a shield against financial crisis at the time of medical emergency. It provides hospital expenses benefit at the time of accidental condition or illness. Here insured has to pay a lump-sum amount called premium calculated on the basis of coverage amount. Insured is necessitating paying for only those disease or illness which is covered under the policy. Benefit from mediclaim insurance depends on the policy, which has been selected and the coverage it provides. 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. This policy gives tax benefits on the premium paid. One can also have a mediclaim insurance policy even after the age of 60 when it is needed frequently, it proves a great help in old age.

3. OBJECTIVES OF THE STUDY

The objectives of this paper are as follows:
1. To assess the level of awareness and source of awareness about mediclaim insurance among the bank customers.
2. To find out the relationship between awareness and purchase of mediclaim insurance by the customers of the banks.

4. HYPOTHESIS OF THE STUDY

Following hypothesis are used to validate our goals:
1. H0: The level of awareness of all the bank customers are same.
2. H0: The level of awareness about mediclaim insurance is directly proportional to the awareness program conducted by the bank.
3. H0: Purchase of mediclaim insurance depends on awareness program conducted by the bank.

5. RESEARCH METHODOLOGY

This work is descriptive and analytical in nature. Primary and secondary data have been collected from bank customers for this study using a well-structured self-designed questionnaire. Some part of the data was collected on Likert's type scale, where 1 stood for minimum agreement and 5 stood for maximum agreement. Some portion of the primary data is collected from bank customer's by an interview. The Secondary data was collected from different journals, mediclaim insurance bulletins, newspapers and web sites. 200 bank customers have been selected from different banks these purpose from different banks for this purpose through random sampling method. The sample size is 200 respondents and convenience/random sampling technique has been used. For the analysis of data, descriptive statistics, factor analysis and chi-square have been applied using R software.

6. DATA ANALYSIS AND INTERPRETATION

A sample size of 400 bank (both private and public) customers is considered out which 200 customers are selected from banks situated in urban area, while 200 customers are selected from banks situated in rural area. The number of male and female customers in urban branches is 130 and 70 respectively while in case of rural branches this ratio becomes 140 and 60. This is shown with the help of the following table (Table 1).

TABLE 1

TYPES OF BANK CUSTOMERS (SOURCE: PRIMARY DATA)

Sr. No.	Particulars	Types of area	Number of respondents	%
1	Male	Urban	130	65
2	Female	Urban	70	35
3	Male	Rural	140	70
4	Female	Rural	60	30
Total			400	
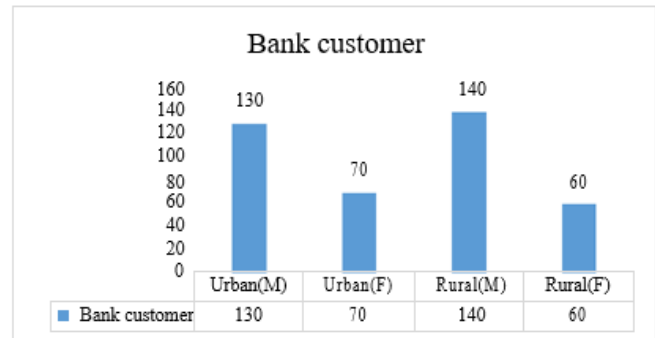
Fig 1: *Types of bank customers in different locality*

6.1 Awareness About Health Insurance

Respondents were asked about their knowledge and awareness of health insurance. Obtained results shown in Table 2.1 and 2.2. Also, the numbers are shown by the graphs (Fig 1 and Fig 2)

TABLE 2.1

TYPES OF BANK CUSTOMERS (SOURCE: PRIMARY DATA)

S.No.	Responses	Frequency	Percentage
1	yes	80	80/140= 57.14
2	yes	35	35/60 = 58.33

TABLE 2.2

TYPES OF BANK CUSTOMERS (SOURCE: PRIMARY DATA)

S.No.	Responses	Frequency	Percentage
1	yes	105	105 /130 = 80.76
2	yes	55	52 /70 = 74.28

Table -1 reveals that out of total 400 customers 65% are male and 35% are female from urban part while 70% are male and 30% are female from rural area.
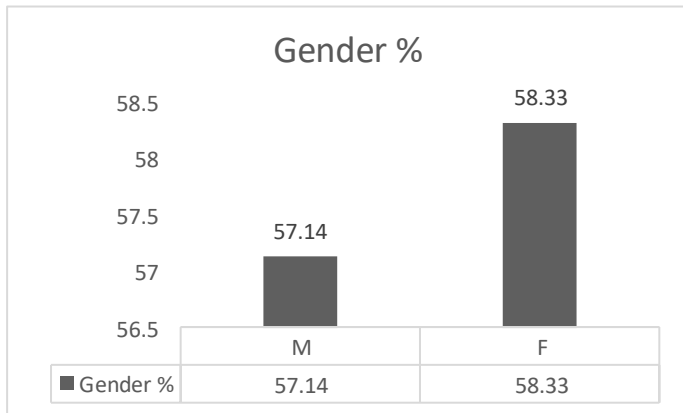
TABLE 3

AWARENESS OF BANK CUSTOMER ABOUT MEDICLAIM INSURANCE

Awareness of bank customer about Mediclaim insurance		
Types of Bank	Yes	No
Private banks -1	119	12
Private banks -2	102	15
Nationalized bank-1	55	22
Nationalized bank-2	49	26
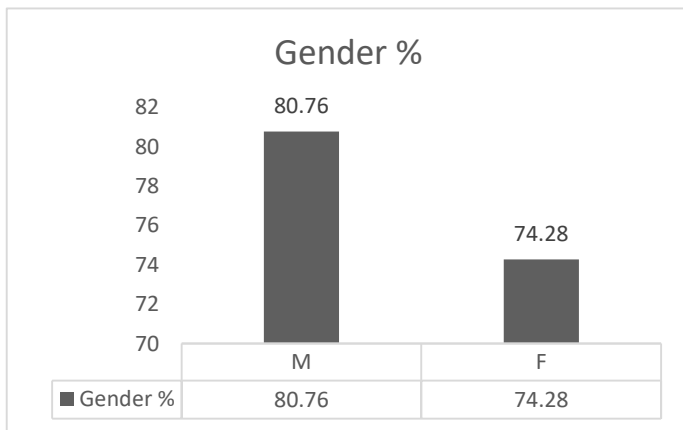
Fig-2.1: *Awareness of health insurance in urban area*

Fig-2.2: *Awareness of health insurance in rural area*

6.2 Relationship Among Categorical Variables

In order to find the relation between awareness and purchase of mediclaim insurance in different banks (rural/urban/nationalized/private) a well-prepared questionnaire was distributed among the customers (male/female). On the basis of answers given by each customers three tables are prepared , later using Karl Pearson's Chi-squared test the hypothesis were tested.

Null hypothesis H0: The level of awareness of all bank-customers is same.
Alternative hypothesis H1: The level of awareness of all bank-customers is not same.

Here we demonstrate the R language implementation of the hypothesis as follows
Observed=matrix(c(119, 12, 102, 15, 55, 22, 49, 26), nrow=4, byrow=T)
chisq.test(observed, y=NULL, correct=F) Pearson's Chi-squared test
data: observed
X-squared = 27.956, df = 3, p-value = 3.711e-06

Since the p-value is more than the level of significance (0.05), the null hypothesis is accepted, i.e., the attributes are independent. Bank is not an important factor (Table-3: Awareness of bank customer about mediclaim insurance).

TABLE 5

PURCHASE OF MEDICLAIM INSURANCE DEPENDS ON AWARENESS PROGRAMME CONDUCTED BY THE BANK.

Purchase of mediclaim insurance depends on awareness programme conducted by the bank.		
Types of Bank	Yes	No
Private banks -1	102	11
Private banks -2	96	11
Nationalized bank-1	75	14
Nationalized bank-2	79	12

Here we demonstrate the R language implementation of the hypothesis as follows:

H0 : The level of awareness about mediclaim insurance is directly proportional to source(i.e., Meeting/seminar/workshop conducted by the bank)

H1 : The level of awareness about mediclaim insurance is not directly proportional to source (i.e Meeting/seminar/workshop conducted by the bank)

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observed=matrix(c(101, 09, 99, 07, 76, 14, 81, 13 ), nrow=4, byrow=T)
> chisq.test(observed, y=NULL, correct=F)
Pearson's Chi-squared test
Data: observed
X-squared = 5.7511, df = 3, p-value = 0.1244
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Since the p-value is more than the level of significance (0.05), the null hypothesis is accepted, i.e.
the level of awareness about mediclaim insurance is directly proportional to source (Table-4 : the level of awareness about mediclaim insurance is directly proportional to source.).

Here we demonstrate the R language implementation of the hypothesis as follows:

H0 : Purchase of mediclaim insurance depends on awareness progrramme conducted by the bank.

H1 : Purchase of mediclaim insurance depends not on awareness progrramme conducted by the bank.

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Observed = matrix(c(102, 11, 96, 11, 75, 14, 79, 12 ), nrow =4, byrow=T)
> chisq.test(observed, y=NULL, correct=F)
Pearson's Chi-squared test
data: observed
X-squared = 2.143, df = 3, p-value = 0.5433
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Since the p-value is more than the level of significance (0.05), the null hypothesis is accepted,

i.e. prchase of mediclaim insurance depends on awareness programme conducted by the bank (Tab le-5: Purchase of mediclaim insurance depends on awareness programme conducted by the bank.).

7. CONCLUSION

Awareness and perception among bank customers regarding mediclaim insurance is still in very preliminary stage. Mediclaim insurance is not a new concept and people are also getting familiar with it gradually, but the level of awareness has not achived to the level of Subscription of health insurance products. In our study population majority were males (65%) females (35%), in urban area when (70%), and (30%) in rural area. Again out of this male –female ratio (80.76%) are male who are aware of mediclaim insurance when (74.28%) are female. It is found from above discussion that awareness among male customer are more than that of female customer in both the areas that is whether the banks are situated in the urban area or in case of rural area. The level of awareness is directly proportional to the source, i.e where the banks have conducted various activities such as seminars /workshop/campaigning and other activities to make the bank

TABLE 4

PURCHASE OF MEDICLAIM INSURANCE DEPENDS ON AWARENESS PROGRAM CONDUCTED BY THE BANK

The level of awareness about mediclaim insurance is directly proportional to source.		
Types of Bank	Yes	No
Private banks -1	101	09
Private banks -2	99	07
Nationalized bank-1	76	14
Nationalized bank-2	81	13

customers aware about different types of mediclaim insurance program the customers are more conscious than the other branches where this activities are less, at the same time more awarded customers are more willing to purchase mediclaim insurance. On the other side mediclaim insurance is not popular in the rural areas because high cost of delivery and low awareness among the rural population about mediclaim insurance product. Insurance as not been able to make inroads in the of key reasons such as high cost of delivery and low awareness among the rural population about insurance products. There is a felt need to provide financial protection to rural families for the treatment of major ailments, requiring hospitalization and surgery. The present study is an effort in the area of health insurance to assess the individuals awareness level and willingness to join and pay for it. The present study is an effort to examine what are the reasons behind those who have not in favor of subscription.

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