



## ROLE OF HEALTH INSURANCE AGENTS IN THE DEVELOPMENT OF THE BUSINESS ENVIRONMENT IN NAGPUR DIVISION

Dr. Mahendra L. Vanjari  
Assistant Professor , D.R.B. Sindhu Mahavidyalaya,  
Nagpur .



### ABSTRACT

**T**his study aims at understanding the determinants of health insurance sectors in Nagpur division state of Maharashtra. The major role of insurance agents in the development of the business environment and consumer purchase decision models are reviewed and identifying some gaps, a model incorporating three sets of variables, related to personal, marketing and social factors is developed. Based on data collected from a sample of agents and potential consumers, the proposed model is evaluated.

**KEYWORDS:** Health Insurance Agents , Business Environment , World Health Organization (WHO) .

### INTRODUCTION

A healthy and competent workforce is the biggest asset of any nation. Therefore every progressive country is keen on providing access to healthcare to its citizens. World Health Organization (WHO) defines health as complete physical, mental and social well being and not merely the absence of disease and injury. As per WHO, a country's health systems comprise of all the organizations, institutions and resources that are devoted to produce health actions.<sup>1</sup>

Providing health care also has a cost component. This is met by several groups that include the central government, state government, local bodies, private or voluntary organizations, insurance companies and the affected individual himself. Though the concept of risk pooling was in practice from vedic times, and finds mention in the writings of Manu (Manusmrithi), Yagnavalkya (Dharmasastra) and Arthasastra of Kautilya (Siddaiah, 2011), people have not taken the health insurance concept in a big way in India. It is reported that nearly three fourth of health related expenses are met by personal savings (IRDA, 2010), often landing the poor in long term financial indebtedness. Health insurance is no longer a luxury for Indians, but has become a need. Even with the increasing disposable incomes, ordinary families are finding it difficult to meet the medical expenses due to the increasing cost.

Health Insurance in India was introduced in 1986 in the form of Mediclaim by the public sector general insurance companies. Post liberalization, several private insurance companies entered the market with attractive packages and as of 31st March 2012, there are 22 organizations, that include stand alone health insurance companies, providing health insurance scheme of some form or other to the consumers.

The Nagpur Division of Vidarbha (state of Maharashtra) well known for educational and social improvement equaling the levels of developed countries is facing the problem of increased life style diseases. Further, people have started considering medical check-up and defensive health care as means to have better

health management. Therefore, health insurance is expected to have a huge potential to grow.

Health is a human right. It's accessibility and affordability has to be ensured. The escalating cost of medical treatment is beyond the reach of common man. While well to do segment of the population both in Rural and Urban areas have accessibility and affordability towards medical care, the same cannot be said about the people who belong to the poor segment of the society.<sup>2</sup> Despite a multitude of legislations having been enacted for the health sector, the providers of healthcare in India continue to be poorly regulated, with no checks on pricing and often no checks on service quality. It is often felt that poverty and insurance do not go together; and insurance is totally beyond the affordability of the poor.<sup>3</sup> In a developing country like India, this statement would hold good - to a certain extent. However, measures should be taken to ensure that it is not wished away as just that; and to bring as many underprivileged people as possible under the ambit of insurance.

Insurance as an industry has secured a vital position in the development of the nation's economy. An efficient insurance market is essential to achieve integration into the global economy and sustainable strong economic growth. In conjunction with the forces of global consolidation, current advances in information technology and the potential of e-business mark the beginning of a veritable efficiency revolution in the insurance industry. One of insurance's key roles is safeguarding the financial health of small and medium-sized enterprises. In addition to the protection provided by social security systems, insurance cover is crucial for people to insure themselves against inability to work, set aside money for retirement or protect themselves against the loss of their assets.

### OBJECTIVE OF THE STUDY

- 1.To study the attitude of insurance agents towards health insurance products offered by various insurance companies.
2. To study the insurance agents face numerous problems with respect to sales of health insurance products in Nagpur division.
3. To find the benefits of health insurance.
- 4.To find the various types of problem faced by Insurance agents.

### RESEARCH METHODOLOGY

This paper is based on exploratory research. The primary data was collected from people through a structured questionnaire. The Secondary data was collected from different sources; Indian and international journals, health insurance bulletins, news papers.

|                            |    |   |
|----------------------------|----|---|
| Research Type              | :- | Exploratory   |
| Sampling Technique         | :- | Simple Random Sampling                                    |
| Sample Unit                | :- | Respondents from Nagpur division                          |
| Sample Size                | :- | 200   |
| Tools for Data Collection: | -  | Questionnaire (Both Open ended and Close ended questions) |
| Tools for Data Analysis    | :- | Frequency percentage test                                 |

Data Analysis and Interpretation

Table 1: Information regarding type of health insurance provided by agencies where agents work

| Type of insurance                 | Frequency | Percent |
|-----------------------------------|-----------|---------|
| Individual                        | 54        | 27.0    |
| Group Health Insurance            | 26        | 13.0    |
| Family Floater Health Insurance   | 164       | 82.0    |
| Hospitalization Plans             | 200       | 100     |
| Hospital Daily Cash Benefit Plans | 128       | 64      |
| Critical Illness Plans            | 56        | 28      |
| Pre-Existing Disease Cover Plans  | 67        | 33.5    |
| Senior Citizen Health Insurance   | 200       | 100     |
| Maternity Health Insurance        | 192       | 96      |
| Pro active plans                  | 72        | 36      |
| Personal Accident                 | 200       | 100     |
| Disease specific special plans    | 89        | 44.5    |

There are various plans available in health insurance sector, which may subscribed by users according to their requirement and condition. These plans include Hospitalization Plans, Hospital Daily Cash Benefit Plans, Critical Illness Plans, Family Floater Health Insurance, Pre-Existing Disease Cover Plans, Senior Citizen Health Insurance, Maternity Health Insurance, Pro active plans, Personal Accident and Disease specific special plans. Table no. 1 illustrates information pertaining to the type of health insurance plans provided by agencies in which agents worked.

It is evident from the information that agencies where 100% agents worked, provided hospitalization plan, senior citizen health insurance plan and personal accident plan, whereas agencies where 96% agents worked provided maternity health insurance. Furthermore, plans such as family floater health insurance and hospital daily cash benefit plans were provided by 82% and 64% agencies respectively. In addition to this plans like disease specific special plans, pro active plans, pre-existing disease cover plans, critical illness plans, individual plans and group health insurance plans were provided by agencies where 44.5%, 36%, 33.5%, 28%, 27.0% and 13.0% agents worked. Hence it is apparent from the information that plans such as hospitalization plan, senior citizen health insurance plan and personal accident plans are provided by all health insurance agencies whereas significantly high percentage of companies provides family floater insurance plan and maternity health insurance plans.

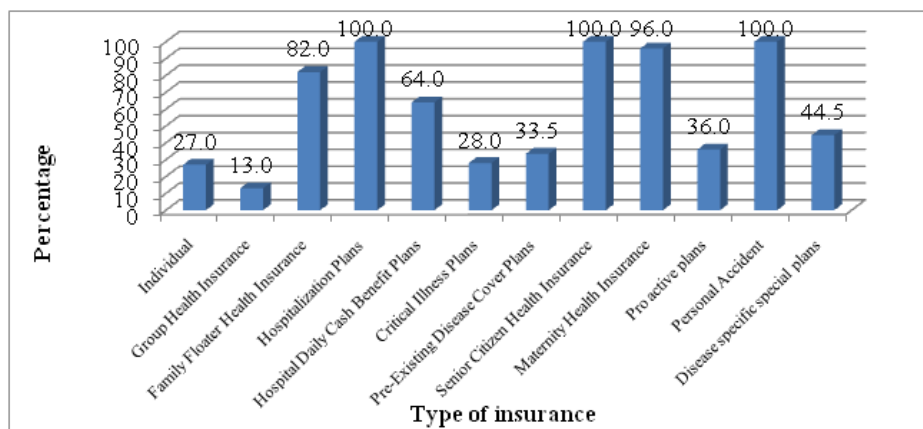


Fig. No.: Type of health insurance provided by agencies where agents work  
Benefits of Health Insurance

Table No. 2: Responses of health insurance agents regarding benefits of health insurance

| Benefits of health insurance                       | Frequency | Percent |
|--|-----------|---------|
| Avail Good Quality Medical Treatment               | 123       | 61.5    |
| Risk Coverage Against Future Illness, Old Age Etc. | 101       | 50.5    |
| Others   | 4         | 2.0     |

Health is a human right. It's accessibility and affordability has to be ensured. The escalating cost of medical treatment is beyond the reach of common man. While well to do segment of the population both in Rural and Urban areas have accessibility and affordability towards medical care, the same cannot be said about the people who belong to the poor segment of the society.

Health care has always been a problem area for India, a nation with a large population and larger percentage of this population living in urban slums and in rural area, below the poverty line. The government and people have started exploring various health financing options to manage problem arising out of increasing cost of care and changing epidemiological pattern of diseases.

The control of government expenditure to manage fiscal deficits in early 1990s has let to severe resource constraints in the health sector. Under this situation, one of the ways for the government to reduce under funding and augment the resources in the health sector was to encourage the development of health insurance.

In the light of escalating health care costs, coupled with demand for health care services, lack of easy access of people from low income group to quality health care, health insurance is emerging as an alternative mechanism for financing health care. Above Table No. 2 shows responses of health insurance agents regarding benefits of health insurance.

The responses illustrate multiple advantages of health insurance. According to 61.5% agents health insurance enable insured a good quality medical treatment, whereas 50.5% agents reported that health insurance provides risk coverage against future illness, old age Etc. In addition to this 4% agents reported other advantages of health insurance plans. Hence it is evident from the responses that the major advantages of health insurance is it enable insured a good quality medical treatment and provides risk coverage against future illness, old age Etc.

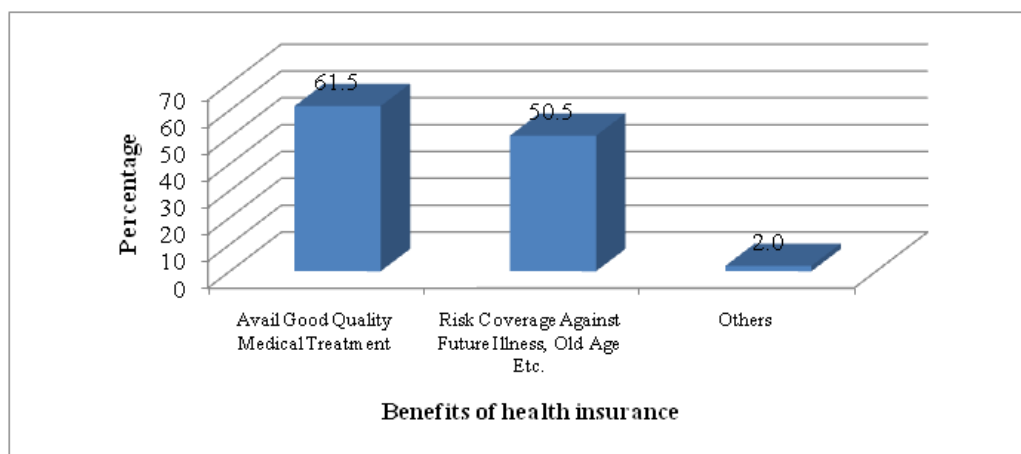


Fig. No. 2: Responses of health insurance agents regarding benefits of health insurance

Table No. 3: Information regarding problems faced by health insurance agents

| Problem Faced by Agents                                      | Frequency | Percent |
|--|-----------|---------|
| Unawareness of customers regarding health insurance          | 156       | 78.0    |
| More efforts are required to convince customers about plan   | 33        | 16.5    |
| Health care reforms  | 40        | 20.0    |
| Burden of maintaining balance between sales and relationship | 16        | 8.0     |
| Lack of demand   | 57        | 28.5    |
| Diverse communication and marketing channel                  | 3         | 1.5     |

Above Table No. 3 illustrates information pertaining to the problem faced by agents in health insurance sector. It is evident from the information that 78% agents faced problem of unawareness of customers regarding health insurance, whereas 28.5% agents faced problem of lack of demand of health insurance in addition to this problems such as health care reforms, requirement of more efforts in convincing customers about plan, burden of maintaining balance between sales and relationship as well as diverse communication and marketing channel was faced by 20%, 16.5%, 8% and 1.5% agents. Thus it is apparent from the information that majority of agents working in health insurance sector faced problem of unawareness of customers regarding health insurance.

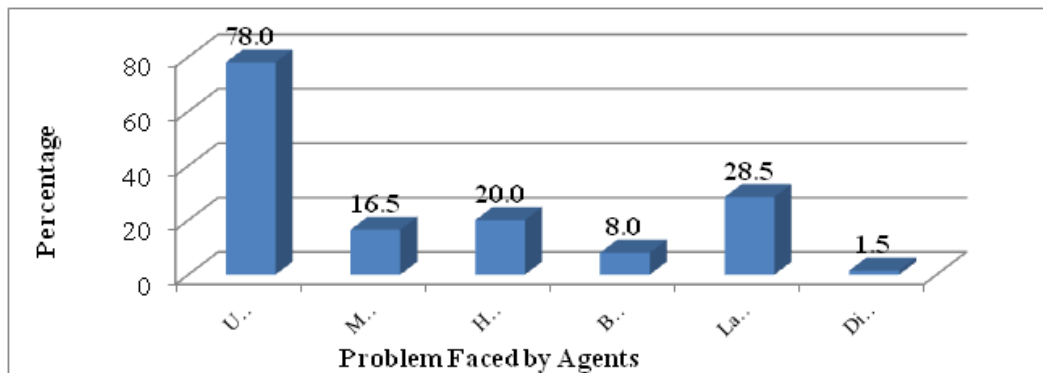


Fig. No. 3: Problems faced by health insurance agents

Table no. 4: Information regarding problems faced by agents while delivering effective services to customers

| Problems in delivering effective services | Frequency  | Percent      | Z      | P     |
|---|------------|--------------|--------|-------|
| Yes                                       | 164        | 82.0         | 12.800 | <0.05 |
| No  | 36         | 18.0         |        |       |
| <b>Total</b>                              | <b>200</b> | <b>100.0</b> |        |       |

Above Table No. 4 illustrates responses of health insurance agents about facing problems in delivering effective services to the customers. It observed that 82% agents faced problems while delivering effective services to customers, whereas 18% agents did not face problem while delivering effective services to the customers. Hence it is evident from the study results that significantly ( $P < 0.05$ ) high percentage of health insurance agents in Nagpur division faced problems while delivering effective services to customers.

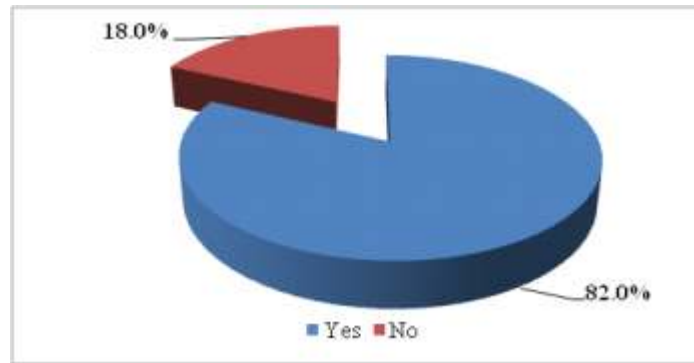


Fig. no. 4: Problems faced by agents while delivering effective services to customers

Table No. 5: Information pertaining to the reasons for facing problem while delivering effective services to the customer

| Reasons for facing problem             | Frequency  | Percent      |
|--|------------|--------------|
| Official Delay                         | 79         | 48.2         |
| Communication Problem                  | 54         | 32.9         |
| Technical Error                        | 25         | 15.2         |
| Others                                 | 3          | 1.8          |
| Official Delay & Communication Problem | 3          | 1.8          |
| <b>Total</b>                           | <b>164</b> | <b>100.0</b> |

Above Table No. 5 demonstrates information pertaining to the reasons for facing problem while delivering effective services to the customer. It is evident from the information that 48.2% agents faced problem of official delay, whereas 32.9% agents faced communication problem while delivering effective services to the customers. In addition to this problem such as technical error was faced by 15.2% agents while delivering effective services to the customers. Thus it is apparent from the study result that majority of health insurance agents faced problem of official delay while delivering effective services to customers.

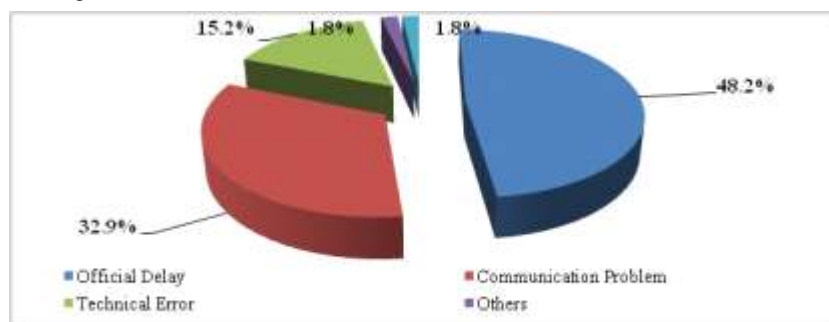


Fig. no. 5: Reasons for facing problem while delivering effective services to the customer

**CONCLUSION**

- Plans such as hospitalization plan, senior citizen health insurance plan and personal accident plans are provided by all health insurance agencies whereas significantly high percentage of companies provides family floater insurance plan and maternity health insurance plans.
- Major advantages of health insurance is it enables insured a good quality medical treatment and provides risk coverage against future illness, old age Etc.
- There is both way approach of seeking health insurance i.e. agents seek out customers as well as customers also seek out agent for insurance plans.
- Majority of agents working in health insurance sector faced problem of unawareness of customers regarding health insurance.

- Significantly more health insurance agents in Nagpur division faced problems while delivering effective services to customers.
- Majority of health insurance agents faced problem of official delay while delivering effective services to customers.

#### POLICY IMPLICATIONS:

- Health insurance companies should provide employment opportunities for females as agents
- Company should provide marketing training to the agents, for effective marketing of health insurance product
- Companies should organize conferences for locals to aware them regarding health insurance
- Companies should generate permanent posts for health insurance agents.
- Regular refresher course should be provided to agents for increasing their knowledge regarding health care reforms.
- Agents should explain benefits of health insurance to customers as well as to target groups.

#### REFERENCES

- Agarwala Amar Narain, "Health insurance in India", East End Publishers, the University of California, 13 Dec 2007, p4.
- Amsavani,R. & Gomathi,S. (2013), "A study on satisfaction of mediclaim policyholders with special reference to Coimbatore City", RVS Journal on Management ,Volume 6 ,No 1,pp.10-23.
- Bhat, Ramesh & Reuban, Elan (2001), "Management of claim and reimbursements: the case of mediclaim insurance policy", HELPONET ,Vol 27,No 4, pp.16-2
- Dr. Ali Sajid, Mohammad Riyaz & Ahmad Masharique, "Insurance in India: Development, Reforms, Risk Management, Performance", Regal Publications, New Delhi, 2007, p 35
- Ellis,R.P.,Alam ,L.&Gupta ,Indrani (2000), " Health Insurance In India-Prognosis and Prospectus" Economic and Political Weekly ,Vol 5,No 2, pp.207-217
- Ellis,R.P.,Alam ,L.&Gupta ,Indrani (2000), " Health Insurance In India-Prognosis and Prospectus" Economic and Political Weekly ,Vol 5,No 2, pp.207-217.
- Jain,P.,Mittal, E.& Pahuja, J. (2010), " Problems faced by the health insurance policyholders of public and private health insurance companies for settlement of their claims-a case study of Punjab", SAARANSH,RKG Journal of Management ,Vol 2,No 1, pp.86-93.
- Jayapardha,J. (2012), " Problems and Prospectus of Health Insurance in India" Aadyam ,a journal of management ,Vol 1,No 1, pp. 22-29
- N Devadasan, S Manoharan, N Menon, S Menon, M Thekaekara, S Thekaekara. ACCORD Community Health Insurance Increasing Access to Hospital Care. Economic and Political Weekly2004;10:3.p.189-94.
- Selvakumar,K.&Vijaykumar,S.(2013), "Attitude of Policy Holders towards administration of General Insurance Companies with reference to Madurai Region", SUMEDHA Journal of Business Management ,Vol 2 No 2, pp.93-116.
- Sharma,R.(2011), " A Comparison of Health Insurance Segment - India and China" IJRFM , Vol 1,No 4, pp.58-68
- W Soors, N Devadasan, V Durairaj, Bart Criel. Community Health Insurance and Universal Coverage: Multiple paths, many rivers to cross. World Health Organization Report 2010 Background Paper. p.48.
- World Development report (WDR), (2007): Development and the Next Generation, World Bank, [http:// web.worldbank.org/Wbsite/External/Extdec/Extresearch/Extwdrs/](http://web.worldbank.org/Wbsite/External/Extdec/Extresearch/Extwdrs/)

- 
- 1.World Development report (WDR), (2007): Development and the Next Generation, World Bank, [http:// web.worldbank.org/Wbsite/External/Extdec/Extresearch/Extwdrs/](http://web.worldbank.org/Wbsite/External/Extdec/Extresearch/Extwdrs/)
  - 2.N Devadasan, S Manoharan, N Menon, S Menon, M Thekaekara, S Thekaekara. ACCORD Community Health Insurance Increasing Access to Hospital Care. Economic and Political Weekly2004;10:3.p.189-94.
  - 3.W Soors, N Devadasan, V Durairaj, Bart Criel. Community Health Insurance and Universal Coverage: Multiple paths, many rivers to cross. World Health Organization Report 2010 Background Paper. p.48.