

# A Conceptual Study on Health Insurance in India

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**Abstract-** Health Insurance in India was launched in the year 1986. The health insurance industry has grown phenomenally due to liberalization of Economy and general awareness among the public. In India we have standalone health insurers along with Government sponsored health insurance providers. The General Insurance Corporation of India and the Insurance Regulatory and development Authority conducted an awareness campaign for all sections of the Society to improve the awareness of health insurance and reduce the procrastination for buying the health insurance. Health insurance in India has shown a huge transition due to introduction of private health care financing, increased income, health consciousness among the different classes of the society, price liberalization and reduction in bureaucracy. The paper presents an overview on the health insurance in India.

**Index Terms-** Health insurance, premium, Insurance schemes.

## 1. INTRODUCTION

An Individual and a family can lead a peaceful life when they live a healthy life without having to worry about any unforeseen medical issues. Unforeseen medical needs may adversely effect on financial commitments and it leads to immediate cash flows. The regular savings are withdrawn which hinders to achieve our long term financial goals. So Health insurance overcomes such limitations. It will help in maintaining the good health without disturbing the financial stability. With health issues becoming more complex in nature now-a-days it has become a necessity to plan for your health. Health insurance policies are available that offer both individual and family coverage.

## 2. BACKGROUND OF THE STUDY

Health insurance in India: According to WHO statistics, hospital admissions about 47% in rural areas and 31% in urban areas respectively, were

financed by loans and sale of assets. WHO says, 3.2% Indians will fall below the poverty line because of high medical bills. About 70% of Indians spend their entire income on healthcare and purchasing drugs. Health insurance sector in India has witnessed a sea-change recently. The high cost of medical treatment induced the public to think about health insurance plans. As health is important without any medical coverage people use their earnings and assets to cover medical costs. Affordable health insurance plan has made people aware of the benefits they can avail by buying various health insurance plans.

In India health insurance schemes are classified as

1. Government sponsored schemes
2. Group insurance schemes
3. Family insurance schemes
4. Individual insurance schemes.

## 3. LITERATURE REVIEW

K Swathi, R. Anuradha: - Health insurance industry has grown phenomenally due to liberalization of economy and general awareness among the public. Health insurance in India has shown a huge transition due to introduction of private health care financing and health consciousness among the different classes of the society. Dr. Y. Nagaraju (2014): - Health insurance is an insurance coverage purchased in advance by an individual or a group after paying premium, health indicators of a nation are assessed through parameters like infant mortality, maternal mortality rate, life expectancy, birth and death rate. Rajesh Kumar Sinha, Keya Chatteju (2014): -This study is shows, the insurance instrument including RSBY have been able to increase health service utilization in the country especially by the poorest quintiles of the population. Suwarna Madhu Kumar, Sudeep P, Vaishali Gaikwad(2012): -This study is an effort in the area of health insurance to assess the individuals awareness

level and willingness to join and pay for it, and also effort to examine what are the reason behind those who have not in favour of subscription. Denis Drechsler, Johannes Jutting (2007): -This study analyse that the role of private insurance varies depending on the economic , social and institutional setting in a country or region and it can be valuable tools to complement existing health financing option only if they are carefully managed and adopted to total need and performance. Binny, Dr, menu Gupta (2017): - This study shows, the present health insurance scenario, opportunities and challenges of health insurance companies in India. B Reshmi, N Sreekumaran Nair, Km Sabu & B Unnikrishan (2007): - This study find out the awareness of health insurance in an urban population in south India, a community based cross functional study carried out.

4. OBJECTIVES OF THE STUDY

1. To study the concept and benefits of health insurance.
2. To present an overview of health insurance in India.

5. METHODOLOGY

The study is based on secondary data. Data is collected from sources like working papers, journals, articles and internet.

6. DATA ANALYSIS AND INTERPRETATION

Health Insurance (HI) Business Trend in Health Insurance Premium  
 During 2016-17, Health Insurance Companies collected 30392 crore as Health Insurance Premium, registering a growth of 24.3 percent over the previous year, which is the highest ever registered in the preceding five years period. In terms of market share of health insurance premium, the four public sector general insurers continue to hold larger market share at 63% during the F.Y. 2016-17. The market share of public sector insurers remained stagnant at this level over the past 5 years. On the other hand, the share of private sector general insurers in health insurance premium is declining from 27 percent in F.Y. 2012-13 to 19 percent during F.Y. 2016-17 and the share of standalone health insurers in health insurance

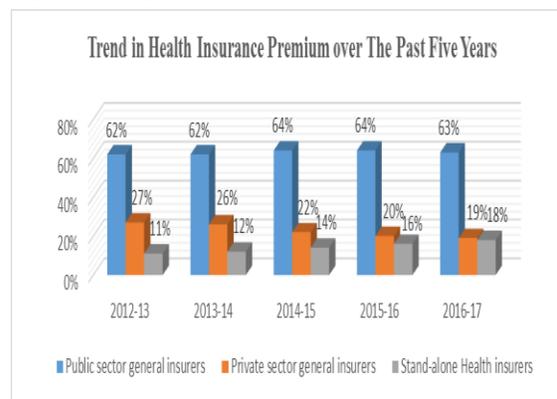
premium had gone up from 11 percent to 18 percent over the last 5 year period.

Trends in health insurance premiums over the past five years (Rs in crore) Table No: 6.1

Sectors	2012-13	2013-14	2014-15	2015-16	2016-17
Public sector general insurers	9580 (62%)	10841 (62%)	12882 (64%)	15591 (64%)	19227 (63%)
Private sector general insurers	4205 (27%)	4482 (26%)	4386 (22%)	4911 (20%)	5632 (19%)
Stand-alone Health insurers	1668 (11%)	2172 (12%)	2828 (14%)	3946 (16%)	5532 (18%)
Industry Total	15453	17495	20096	24448	30392
Annual Growth rate (in %)	18.2	13.2	14.9	21.7	24.3

Source: - IRDA annual report 2016-2017

Chart No: 6.1



During the past five financial year from 2012-13 to 2013-17 the premium of public sectors are constantly at 62%, private sector are decrease from 27% to 19% and stand-alone health insurance are increase from 11%-18%.

Classification of Health Insurance Business

Health insurance business can be classified into Government Sponsored Health Insurance, Group Health Insurance (Other than Government Sponsored) and Individual Health Insurance. In terms of contribution of these 3 lines, the share of Group Business was the highest at 48 percent, followed by individual business (42 percent) and Government Business (10 percent). In terms of amount of premium collected, there is no significant increase in premium from government sponsored schemes over the past five years. However, the amount of premium collected from both individual and group business (other than government schemes) has more than doubled during the last five year period.

Number of policies issued and number of persons covered under Health Insurance business

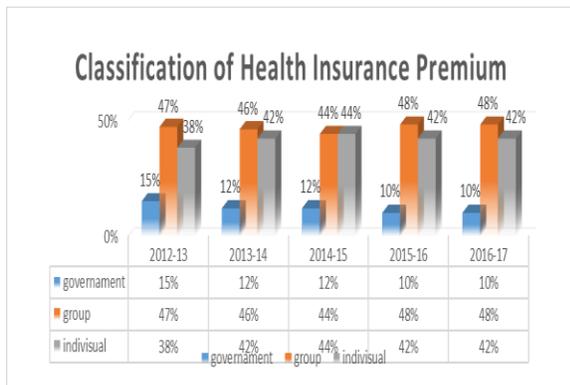
During 2016-17, the general and health insurance companies have issued 1.31 crore health insurance policies covering a total of 43.75 crore persons (2015-16: 35.9 crore) and registered a growth of 21.9 percent in number of persons covered over the previous year. In terms of number of persons covered under health insurance, three-fourth of the persons 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.

Classification of health insurance premium (Rs in crore) Table No: 6.2

Class of business	2012-13	2013-14	2014-15	2015-16	2016-17
Govt sponsored schemes including RSBY	2348 (15%)	2082 (12%)	2474 (12%)	2425 (10%)	3090 (10%)
Groups Business (other than Govt Business)	7186 (47%)	8058 (46%)	8899 (44%)	11621 (48%)	14718 (48%)
Individual Business	5919 (38%)	7355 (42%)	8772 (44%)	10353 (42%)	12584 (42%)
Grand Total	15453	17495	20096	24448	30392

Source: - IRDA annual report 2016-2017

Chart No: 6.2



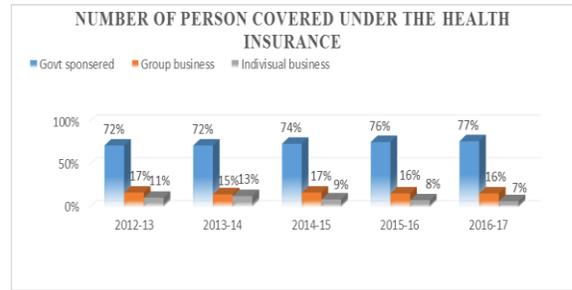
During the year 2012-13 to 2016-17 government sponsored to insurance is reduce from 15%-10%, group business increased only 1% and individual business is increased 33%- 42%.

Number of Person Covered Under the Health Insurance (in lakh) Table No: 6.3

Class of business	2012-13	2013-14	2014-15	2015-16	2016-17
Govt sponsored schemes including RSBY	1494 (72%)	1553 (72%)	2143 (74%)	2733 (76%)	3350 (77%)
Group Business (other than Govt business)	343 (17%)	337 (15%)	483 (17%)	570 (16%)	705 (16%)
Individual business	236 (11%)	272 (13%)	254 (9%)	287 (8%)	320 (7%)
Grand Total	2073	2162	2880	3590	4375

Source: - IRDA annual report 2016-2017

Chart No: 6.3



During the year 2012-2017 the person are covered under the health insurance are, the government sponsored are increased from 72% to 77%, group business are decreased from 1% and individual business also decreased 11% to 7%.

### 7. FINDINGS & RECOMMENDATION

- Annual growth rate of health insurance are increased 18.2% to 24.3% from past five years.
- Public sector health insurance are constant from past five years at average 62%.
- Private sector health insurance are decrease from 27% to 19%.
- Premium of health insurance of government sponsored are reduce from 15% to 10%.
- The people are more use the government health insurance, and it increase 72% to 77% share in market.
- Both the group and individual business of health insurance are decrease of 1% and 4% respectively.
- Private companies should build the confidence in the public to increase the health insurance coverage like public companies.
- Specialised insurance companies also should adopt different techniques to increase its health insurance coverage.
- Government should always introduce new health insurance schemes for the welfare of the public.
- Government should still conduct awareness programmes to inform the people about the benefits of health insurance.

### 8. CONCLUSION

Rising healthcare costs can punch a big hole in your pocket. Paying a small health insurance premium is the simplest way to mitigate the financial losses and

to achieve peace of mind. Avail health insurance to save yourself from worries of hospitalization.

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