The Role of Consumer Preferences and Perceptions in Health Insurance Decisions: An Empirical Study in Hyderabad

Chyavana Kondapally[1], Dr. M Vikram Reddy[2], Dr. B. Mohan Kumar[3]

[1]*Research Scholar, School of Management Studies (SMS) - Gandhi Institute of Engineering and Technology University, India*
[2]*Associate professor, School of Management Studies - Gandhi Institute of Engineering and Technology University, India*
[3]*Principal, Badruka College of Commerce & Arts, Kachiguda, India*
Email: chyavana.kondapally@giet.edu

It is reached by people when; Health, which is a fundamental need, is secured by people when they obtain health insurance because it is an important part of planning. This paper aims at investigating the existence of the preference and perception of the consumer for health insurance plans in the Hyderabad region. By using an exploratory research method, the study seeks to establish variables that include premium cost, coverage, and claim handling, insurer credibility established, stability, and customer confidence in insurers. Secondary data acquired from a random sample survey of 300 health insurance buyers and raw data generated from a structured questionnaire completed by the sample were subjected to statistical tests to examine relationships and patterns. The results suggest that beyond the objective determinants of affordability and the scope of coverage, perceived transparency and business reliability affect consumer decisions. This study also discovers demographic and socio-economic differences that exist in consumer buying behaviour to help insurers develop appropriate marketing strategies. This research cal also be useful in the health insurance industry to help the stakeholders to understand the consumers and their behaviour to help them to develop and institute policies within that domain that would increase market penetration.

1. Introduction

Health insurance provides persons or families with financial protection against the risks of unexpected health shocks, and allows them access to appropriate healthcare. Yet out of pocket health expenditures continue to be a major problem in India and hence the concept of health insurance has gained a lot of traction here. Due to gradual growth in health insurance awareness, GO initiatives, and private players the health insurance industry has become a key cog in the delivery of healthcare services.

Presently, Hyderabad is one of the leading Indian metropolitan cities and exemplify the overall

socio economic structure of the country. Growing population of the city coupled with increasing incidences of diseases make the state need the increased health insurance. While health insurance schemes are having their share of policy pronouncements and competition amongst the insurance companies, their take-off is based on a number of factors that are customer related. These are factors that insurers must know in order to better position products and services as well as improve customers' satisfaction.

The research objective of this study is therefore to examine the extent to which consumer preference and perception influences the purchasing of health insurance in Hyderabad. This research aims at presenting findings on which the major determinants of health insurance include price, coverage policies, claim settlement, and insurers' credibility to those interested in participating in the health insurance business. Furthermore, the behaviour of consumers in a particular product category is analyzed as influenced by demographic variables such as age income and educational level.

The insights of this research will help strengthen the existing theoretical constructs and provide valuable information on the determinants of health insurance decisions so that the policymakers and insurers can devise consumer-oriented strategies for widely available, cheap and trustworthy health insurance in the market.

2. Literature review

Garge, Deepali & Snehal Tare, Smarjeet Das (2020) attempted to assess the source of awareness of health insurance among 102 respondents In Maharashtra-India. Employer, through the Internet, newspaper, friends, and through television are some of the ways people get aware of health insurance. That was done to ensure that the people needed to be informed that they needed health insurance. When it comes to health insurance investment, which it should in fact be, contingency cannot be considered.

Madan Mohan Dutta (2021) assessed the operating performance of Health insurance sector in India by Regression analysis and based on the findings of the study, it has been seen that, the technological expertise which is coming into operating health insurance sector from the foreign partners coupled with involvement of IRDA, the operating health insurance sector in India would start earning profit from now on wards.

In a study conducted among 200 health insurance agents of the Bilaspur region regarding the growth possibilities of the health insurance market the research proposed by Dandekar V M (2019) found that there are some barriers of customer in choosing the health insurance plan. The government should also encourage various firms to advertise Health Insurance facilities to more and even more people while the agents should well inform customers and the targeted groups about health insurance benefits.

Life insurance claim settlement satisfaction and awareness among the customers was analyzed by Damodar Basaula in 2017. The entrepreneurial development, the introduction of new products, a higher percentage of institutional delivery, whilst inbound claim calls facilitate customers' repurchase of the policy. It has argued that life insurance has not only been taken for security but for economic social prosperity through socio-economic revolution.

By identifying 25 satisfaction factors T.Kavitha, Dr. A. Latha, S.Jamuna (2012) analyzed factors that could affect the policy holders to select the particular general insurance company. Factor analysis tool recognized that respondents are highly satisfied towards, Price of the Product, It is easy to locate the Officials / Agents, Reminder regarding the renewal of the policy, Response time, Surveyor's Attitude towards the customers, Incentive provided by the officials to purchase the policy, Frequent contacts by the development Officials / Agents after having issued with the policy, Mannerism of the Agents in helping in the process of the claim settlement of

So the findings on the degree of respondent's knowledge and confidence regarding health insurance where suggest to be good based on the mean score obtain by Nilay panchal (2013). Additional studies revealed that perceived knowledge regarding the availability of health insurance was good but attitudes towards were only fair. Majority of the respondents have heard about the health insurance but some of them have never had any policy due to inability to acquire health insurance information. The study indicated that there emerged ample possibilities for efficient and healthy growth of health insurance market in India; there existed opportunities both for public and private players in the health insurance market; number of respondents also assumed a significant responsibility for purchasing health insurance.

Objectives of the study

• To identify the key factors influencing consumer purchase decisions for health insurance plans in Hyderabad.

• To analyze the impact of consumer preferences on the selection of health insurance policies.

• To evaluate the role of consumer perceptions in shaping health insurance purchase behavior.

Hypothesis of the study

Null Hypothesis (H_0): Consumer preferences have no significant impact on the selection of health insurance policies.

Alternative Hypothesis (H_1): Consumer preferences have a significant impact on the selection of health insurance policies.

3. Research methodology

The research accepts an empirical research approach to examine factors that affect the consumers' buying behavior in health insurance plans in Hyderabad. After reviewing the literature above, primary data was collected from the respondents which included 300 persons using structured questionnaires, which was administered to a respondent sample that employed a stratified random sampling technique to obtain data from different segments of the population. The seemingly aimed at obtaining information on aspects such as consumer preferences, perception and their demographic profile. Secondary data collected from industry reports, journals, and government publications were used to enrich the information collected from actual stakeholders. Exploratory and descriptive analysis was used; correlation analysis,

regression modeling and chi-square test were employed in order to test for relations and patterns between variables. Reliability and validity are maintained in the study through the pilot test of the survey instrument and the right use of statistical measures. The study results would be useful for health insurance firms and policymakers.

4. Data analysis and discussion

Table 1 descriptive statistics

Demographic Variable	Categories	Frequency	Percentage (%)
Gender	Male	165	55.0
	Female	135	45.0
Age Group (Years)	18–25	60	20.0
	26–35	90	30.0
	36–45	75	25.0
	46–55	50	16.7
	56 and above	25	8.3
Educational Qualification	High School	30	10.0
	Undergraduate	120	40.0
	Postgraduate	90	30.0
	Professional Qualification	60	20.0
Monthly Income (INR)	Below 20,000	45	15.0
	20,001–50,000	120	40.0
	50,001–1,00,000	90	30.0
	Above 1,00,000	45	15.0
Marital Status	Single	120	40.0
	Married	180	60.0
Occupation	Salaried	150	50.0
	Self-Employed	75	25.0
	Student	45	15.0
	Retired/Unemployed	30	10.0

Demographic data regarding the respondents, 300 in this research study, was determined through evaluation of descriptive statistics of the sample. It is also agreed that The gender distribution of the sample comprises 55% of males and 45% of females, a fair sex split. The

age distribution also shows that 30% of the participants are between 26 and 35 years old, 25% between 36 and 45 years old, which proves the concern for the working population. The educational backgrounds demonstrated that 40% holds the undergraduate degree, 30% postgraduate qualification, and 20% possess the professional qualification which proved it is purely educated sample.

Income details collected on a monthly basis share reveals how 40% of the respondents earn INR 20,001 – 50000 and 30% INR 50001 – INR 100000, it depicts the mid to upper middle income section. As a result, the married persons' percentage is 60% of all respondents, which might evaluate the potential family-centered approach to health insurance decisions. Occupational analysis is done and shows that 50% of the respondents are paid employees while 25% of the respondents are own-account workers, 15% of the respondent students, 10% of the respondents are either retired or jobless.

Tabulation of demographic profile provides a clear picture of the sample which is equally distributed across the age, education income and occupational status of the population, thus making it appropriate to generalize and compare the health insurance consumer behavior in the city of Hyderabad.

Table 2: Regression Analysis of Consumer Preferences on Health Insurance Policy Selection

Independent Variable	Beta Coefficient (β)	Standard Error	t-value	p-value	Significance
Premium Affordability	0.325	0.048	6.77	0.000	Significant
Coverage Benefits	0.290	0.052	5.58	0.000	Significant
Claim Settlement Process	0.215	0.045	4.78	0.000	Significant
Insurer Reputation	0.182	0.047	3.87	0.000	Significant
Consumer Trust	0.250	0.050	5.00	0.000	Significant
Constant	1.120	0.200	5.60	0.000	-

Thus, this paper's regression analysis summarized in Table 2 illustrates consumer preferences for deciding on health insurance policies. The analysis of the study establishes that all the independent variables, namely Premium Affordability, Coverage Benefits, Claim Settlement Process, Insurer Reputation, and Consumer Trust, hold a significant relationship with health insurance policy choice since their p-values are < 0.05.

Out of the above mentioned variables, Premium Affordability only came out to be most significant with the highest value of beta coefficient = 0.325, indicating that consumers are most sensitive to cost when choosing a health insurance. Right behind it is Coverage Benefits with a coefficient of 0.290 which shows that the coverage provided in a policy is quite important.

Playing roles are The Claim Settlement Process with $\lambda = 0.215$ and Consumer Trust with $\lambda = 0.250$, to emphasize efficiency and effectiveness in claim processing and the recognition and trust in the insurer. Another measure labelled as Insurer Reputation ($\beta = 0.182$) is less influential compared to others but significant at the same time.

The value of constant term (β = 1.120) implies that those factors do not exist at all. consumers' behavior significantly influences policy choices as the overall model accounts for 65% of the variability in one's selection of a policy ($R^2 = 0.65$). These findings offer policy relevance to insurers, by indicating how they can arrive at product presence and messaging approaches that resonate with the customer.

5. Conclusion

This research investigates and presents an understanding of the factors affecting consumer behaviour in deciding the health insurance policies in Hyderabad. This work has aligning the fact that through an empirical analysis, consumer preferences like Premium Affordability, Coverage Benefits, Claim Settlement Process, Insurer Reputation, and Consumer Trust influence their choice of policy.

This proves the hypothesis that consumer public places high importance on factors such as price and coverage, considering that the most primary factors that arise from the study are affordability and the scope of coverage. Moreover, the dependable claim settlement process and the credible insurer are two such factors that influence the buying behavior. This underlines that it is crucial for the insurance stock not only to offer low prices for its services and great geographical portrait but also to enjoy the clients' favorable opinion about the insurer's ability to handle claims and to build a good reputation.

It is crucial for the health insurance providers to pay attention to the highlighted areas to ensure that they become priorities while weaving their product offering and advertising campaigns. To reduce the information-overload problem, insurers should work on improving claim-communication transparency, increasing consumer trust and articulating the merits of full spectrum protection.

Therefore, the research contributes to the understanding of consumers' behavior and could serve as an information basis for insurers to customize their plans and approaches to gain consumers' acceptance. This information will assist the companiesto enhance consumer satisfaction and prompt more people to take up the cover.

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