Performance Analysis in Health Insurance in India

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ABSTRACT

The importance of health insurance has increased in India in recent years as result of rising healthcare costs, increasing awareness of the need for protection against medical expenses, and government efforts that promote health coverage. Both state and commercial insurers offer health insurance products in India. Health insurance plans come in a variety of forms. These include government-sponsored programmes like Ashman Bharat Pradhan Mantri Jan Arogya Yojana family floater plans, individual health insurance, and group health insurance offered by health insurance companies or corporations. The study aimed at examining the growth of health insurance in all sectors   in terms of the number of policies, the total amount of premium collected, and the number of individuals covered. This study also determines the relationship between the premiums received and the claims paid by using SPSS.

KEYWORDS: Health Insurance, Growth, Premium received, claim paid, Incurred-Claim Ratio,

INTRODUCTION:

Health insurance is a kind of insurance policy that offers financial protection against medical expenses resulting from illnesses or accidents. Its primary objective is to assist individuals and families in managing the cost of medical care. In the absence of health insurance, individuals may find it difficult to pay for necessary medical care because those expenses can be very costly. The need for healthcare services is growing as the population ages, which in turn fuels the demand for health insurance policies. The prevalence of various chronic diseases, such as diabetes, obesity, and cardiovascular complications among the general public due to the adoption of unhealthy lifestyle habits

HEALTH INSURANCE MEANING:

Health insurance policy is an assurance which provides immediate financial help in case when any medical emergency arises. It is a contract between a policyholder and the insurance company which covers medical expenses that might occur due to illness, injury or accident. If you have a health insurance policy, then some or all the medical expenses will be borne by the insurance company, against which an insured is supposed to pay a certain amount known as premium. Cashless Treatment and Reimbursement are the two primary ways the insurance company compensates for medical costs

HEALTH INSURANCE IN INDIA

The Indian health insurance market size was valued at USD 12.86 billion in 2022 and is expected to expand at a compound annual growth rate (CAGR) of 11.55% from 2023 to 2030. Health insurance

coverage is rapidly increasing in India due to the rising costs of high-quality healthcare coupled with rising income levels, longer life expectancies, and an epidemiological change towards no communicable diseases.

REVIEW OF LITERATURE

Ellis et al. (2000) examined many Indian health insurance schemes. It was discovered that a competitive climate is necessary, and that this can only occur after the insurance industry is opened up. Randall P. et al (2000) noted that health care spending was over 6% of the nation's GDP, significantly higher than that of many other developing nations. Jayaprakash (2010) looked into ways to lower the claims ratio in this industry as well as the obstacles people in the nation face while trying to obtain health insurance coverage. Shah (2017) examined India's health insurance market after it was liberalised. It was discovered that there is a substantial correlation between premiums collected and claims paid, and that the respondents' insurance holding status was influenced by demographic factors. Yadav and Sudhakar (2017) studied personal factors influencing purchase decision of health insurance policies in India. It was found that factors such as awareness, tax benefit, financial security and risk coverage has significant influence on purchase decision of health insurance policy holders. Health insurance in India has both potential and concerns, as studied by Binny and Gupta (2017). Players in the industry are able to increase their business and level of competition thanks to these opportunities. The Indian health insurance market has been analysed by Chatterjee et al. (2018). This paper's idea was to examine the state of the Indian health insurance market at the moment. It has been noted that India is prioritising short-term care for its population and needs to transition from short-term to long-term care. Thomas (2018) examined health insurance in India from the perspective of consumer insights. It was found that consumers consider various aspects before choosing a health insurer like presence of a good hospital network, policy coverage and firm with wide product choice and responsive employees.

OBJECTIVES OF THE STUDY:

- To Analyse the performance of health insurance in India.
- To find out the overall growth of premium collection, amount of claim paid, no. of policies and no. of persons in health insurance.
- To measure the correlation between the amount of premium collection and the amount of claim paid in health insurance.

RESEARCH METHODOLOGY:

- **Source of data**

Data collected from secondary source such as Annual report of IRDA, Hand book of IRDA ,Journals ,articles etc. related   to health insurance

- **Period of study**

This study collected data related to   Gross   Premium, number of policies, Net premium Received and Claim paid for the period of 10 years from 2013-2023

- **Tools for the study**

SPSS Software used to analyse the data. Growth analysis regression curve estimation correlation are used to analyse and interpret the growth of health insurance in India

ANALYSIS AND DISCUSSION:

TABLE I GROWTH TREND IN NO OF POLICIES, GROSS PREMIUM AND PERSONS COVERED

Year	No. of Policies	Growth in Policies (%)	Gross Premium Rs.(Cr.)	Growth in Premium (%)	Persons Covered ('000)	Growth in Persons Covered (%)
2013-14	10026100	-	1749454	-	216231	--
2014-15	10800444	7	1983789	13	285500	32
2015-16	11815931	9	2444754	23	358962	25
2016-17	13137428	11	3039171	24	437455	21
2017-18	14729756	12	3702864	21	481986	10
2018-19	20681566	28	4487276	21	472035	-2
2019-20	17932616	-13	5075807	13	498713	5
2020-21	23739378	32	5823786	14	358962	-28
2021-22	22625079	-4	7305152	25	520419	44
2022-23	25642000	13	8949176	22	550036	5

CHART I: ANALYSIS OF GROWTH IN HEALTH INSURANCE
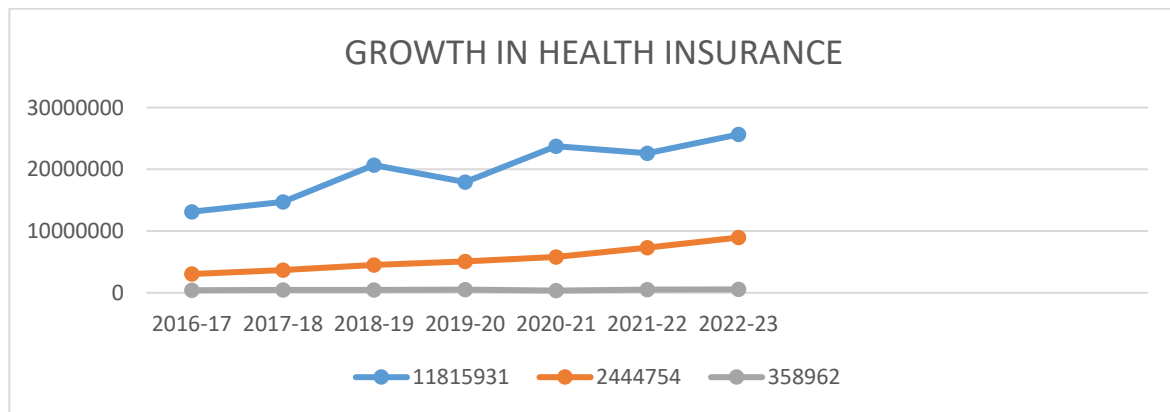
During the study period, the Indian health insurance sector expanded by an average of 10.55% in terms of policies, 19.55% in terms of average growth in gross health insurance premiums, and 12.44% in terms of average growth in the number of people insured. Only thirty percent of the population of the country is covered by any health insurance plan, showing that there is a sizable market for health insurance in India that needs to be explored and developed.

Relationship between Net Premium Received and Net Claim Paid Incurred-Claim Ratio (I/C):

It is considered the most important indicators of the insurance industry. It is the ratio of net premium received to net claim paid. The total number of claims paid divided by the total amount of premiums collected during the same time is known as the "incurred-claim ratio." The insurance company's ability to pay the claim made by the insured is determined by the ICR. The total amount of health insurance premiums collected and claims paid by the health insurance industry from 2013 to 2023 is presented in the following table.

TABLE II: GROWTH TREND IN NET PREMIUM RECEIVED AND CLAIM PAID

YEAR	NET PREMIUM (in Lakhs)	CLAIM PAID (in Lakhs)	I/C RATIO
2013-14	1437370	1400722	96
2014-15	1711153	1731506	101
2015-16	2045657	2090018	102
2016-17	2470975	2608859	106
2017-18	2787524	2624722	94
2018-19	3301089	3002726	91
2019-20	3851475	3405792	88
2020-21	4340825	4071846	94
2021-22	5806527	6336084	109
2022-23	6206528	6463100	89
CAGR	20.42%	20.22%	

TABLE III: RESULT OF REGRESSION CURVE ESTIMATION FOR PREMIUM RECEIVED
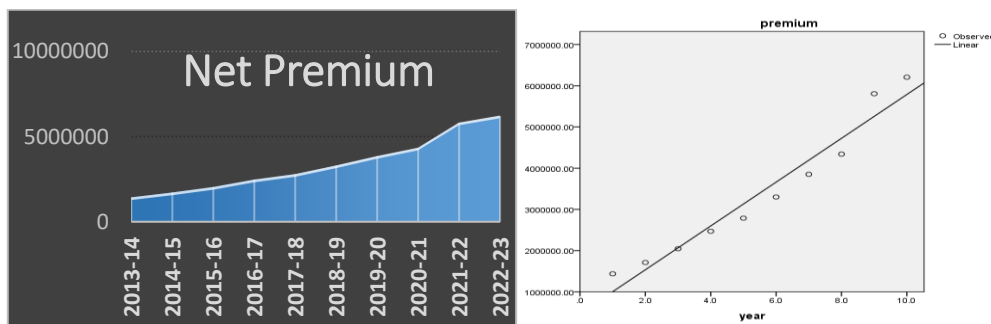
Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	471880.800	267325.200		1.765	.116
	year	531642.091	43083.357	.975	12.340	.000

Regarding net premium received it shows double digit growth i.e. CAGR 26.42% which is also reflected in Regression curve estimation also. The growth rate is also statistically significant as the p-value is less than 0.05.

TABLE IV: RESULT OF REGRESSION CURVE ESTIMATION FOR CLAIM PAID
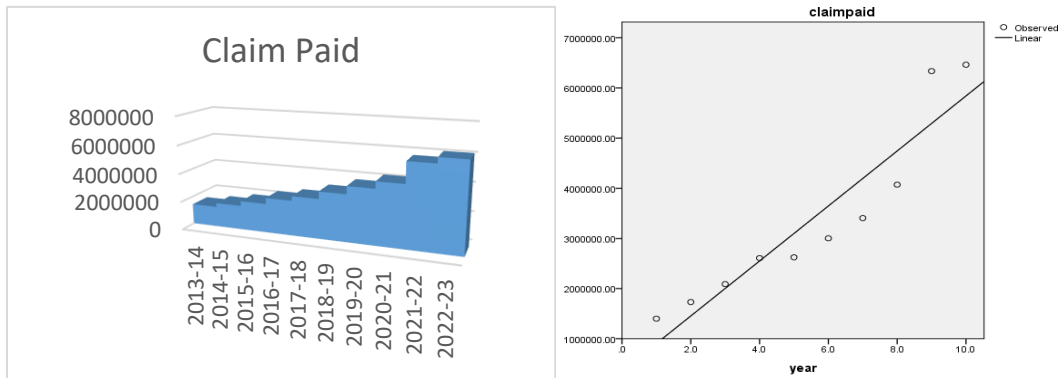
Coefficients						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	357824.467	453533.073		.789	.453
	year	548311.461	73093.473	.936	7.502	.000

Regarding net claim paid it shows double digit growth i.e. CAGR 22.32% which is also reflected in Regression curve estimation also. The growth rate is also statistically significant as the p-value is less than 0.0

The amount of claim paid and the amount of net premium received show a positive relationship, based on the data above. Now, for the overall benefit of the study, Pearson Co-relation is used for determining whether the relationship between the variables is statistically significant. The table below gives the result for the same.

TABLE V: CORRELATION BETWEEN NET PREMIUM AND NET CLAIM PAID

Correlations			
		Premium	Claim paid
premium	Pearson Correlation	1	.988**
	Sig. (2-tailed)		.000
	N	10	10
claimpaid	Pearson Correlation	.988**	1
	Sig. (2-tailed)	.000	
	N	10	10
**. Correlation is significant at the 0.01 level (2-tailed).			

It is also reflected from the table that net premium received and net claim paid by the health insurance providers are highly co-related since Pearson 'r' = 0.988 and p-value < 0.05 (p = 0.000) which is statistically significant also.

CONCLUSION:

Health insurance is essential for protecting households and individuals from the financial stress that comes with unforeseen medical expenses. It also helps to make healthcare accessible and more affordable in India. The study reveals that the overall growth of the health insurance in India increasing year by year. The above information shows that overall premium collections and claims paid have risen by double digits, yet the number of insured people keeps growing steadily.

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