
A Study of Various Factors Influencing Buying Decision Making of Health Insurance Policies

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Abstract: The health insurance schemes are providing a type of social security to the people. People have started buying health insurance policies and now it's becoming popular but its reach among people are still very less. **Objective:** The study is conducted to determine various factors responsible for the decision making while purchasing health insurance by the people. **Material and Methods:** The data was collected from 240 people of Gwalior region. Various factors were extracted by applying factor analysis with the help of SPSS 18.0. Six factors were extracted which plays role in the buying decision making.

Result and Discussion: The study found that there are six factors responsible for buying decision making of health insurance policies. The factors are Awareness, Company related information, Risk, Promotion, Tax benefits. **Applications:** The current research would help marketers to develop products which will be able to fulfil the need of society and also provide them a sense of social security. **Conclusion:** Public and private companies will be able to develop their products effective and according the demand of people.

Keywords: Sphericity, Economy, Premium

Introduction:

The history of life insurance is very old, as Oriental Life Insurance Company was came into being in 1818. The company was established to serve European people. In India the scope of insurance is very high and health insurance is still in its beginning stage. In present age, Indian is a fastest growing economy but health is a major concern for the development. The expenditure in our country on health sector is increasing day by day but the mix of public and private company is a major cause of concern. In most of the leading countries the public spending is about two to three percentage of their GDP but in India it is about 0.9 percentage of GDP. In India the private expenditure on health is very high and a very small part it is cover under insurance. So many people are living miserably and are poor or living under below poverty line, the present private healthcare management system is almost out of control and out of reach of the major population of our country. Therefore, health insurance system may play a vital role as to provide major health facilities to the people and can be develop an alternative support system to provide healthcare to the people. The option of health insurance is a powerful means to face unforeseen circumstances by paying certain amount as premium^[1].

Literature Review:

Buying of insurance policies depends on the income of people. Low income group people are less interested in buying policies because they want to fulfil their need first. Only people has enough income are interested in paying premium of insurance^[2]. Educated people are more interested in buying health insurance^[3]. Companies try to attract low income people with less premium policies which they can afford^[4].

Buying of various policies depends on the personal factors of policies and their benefits to the customers. People prefer affordable and attractive which can cover their risk and can provide security as well^[5].

Material and methods:

Questionnaire

A Structured questionnaire was prepared for the study and it was prepared by studying various past studies undertaken by researchers. As researcher found that there are various factors responsible in buying health insurance policies. A five point Likert Scale was used where 1= Strongly disagree and 5= Strongly agree.

Type of Data

Primary Data has been collected from survey method from the people of Gwalior region regarding health insurance schemes.

Sample Unit

The study is concerned on the factors influencing health insurance buying decision Data was collected from the people who has purchased health insurance policies.

Sample Size

The proportion of population was made in such a way that sample must get adequate enough representation of whole population. The sample will be enough to analyze scientifically and logically. The used sample size was 240.

Results and Discussions:

The objective of study was to find out various factors which affect health insurance buying decisions. The reliability of scale was tested and the value of Cronbach’s alpha is 0.811. The values of Cronbach alpha shows that the scale used for data collection is good enough and it has eleven statements in it.

Table 1: KMO and Bartlett Test Result

Sampling Adequacy (KMO Measure)		0.814
Test of Sphericity (Bartlett Test)	Chi-Square	4680.400
	Sig.	0.000

The Kaiser-Meyer-Olkin(KMO Test) is use to measure the adequacy of sample. The value of Kaiser-Meyer-Olkin test should be more than 0.5 which shows the data taken for applying factor analysis is adequate. In this test squared partial correlation between variables varied between 0 to1. As per the Kaiser recommendations in 1974, the value less than 0.50 is acceptable, between 0.70 to 0.80 is good and between 0.80 to 0.90 is great and more than 0.90 will be superb^[6].

The strength between relationship of variables also tested by Bartlett's Test. According to the Bartlett's Test, sphericity is tested by knowing that the diagonal value of matrix should be 1 and the value of off diagonals should be 0. It means that the values of all variables are not co-related. If the probability of Bartlett’s test is less than 0.05 the null hypothesis is rejects.

KMO test were conducted and it shown sampling adequacy by the value of 0.814 which comes under great category given by the Kaiser and Bartlett’s test also shows the significance level .000 and the scale was accepted for the study.

The factors were extracted by applying Principal Component Analysis method with varimax rotation method.

Rotated Factor (Component) Matrix:

Rotated Matrix of component is a matrix of factor loading for each variable onto each factor. It information given in rotated component matrix is same information as given in component matrix but it create factors after rotation and make easier for us to interpret the output in form of different factors. The variables are listed in the table in order to their size and factor loading and SPSS creates first factor largest by default and then other factors according to their sizes. The clear factor has been extracted by applying varimax rotation and suppressing factor loading on 0.45.

Table 2 : Total Variance Explained by Factor Analysis

No. Factors	Eigenvalues(Initial)			Extraction Sums of Squared Loadings			Rotated Sums of Squared Loadings		
	Total	Percentage Variance	Aggregate Percentage	Total	Percentage Variance	Aggregate Percentage	Total	Percentage Variance	Aggregate Percentage
1	5.888	29.438	29.438	5.888	29.438	29.438	5.845	29.226	29.226
2	3.296	16.482	45.920	3.296	16.482	45.920	2.493	12.466	41.691
3	1.969	9.846	55.766	1.969	9.846	55.766	1.924	9.619	51.310
4	1.426	7.130	62.895	1.426	7.130	62.895	1.886	9.431	60.741
5	1.318	6.588	69.483	1.318	6.588	69.483	1.446	7.228	67.969
6	1.018	5.089	74.572	1.018	5.089	74.572	1.321	6.603	74.572
7	.896	4.479	79.051						
dimension08	.822	4.112	83.164						
9	.705	3.523	86.687						
10	.618	3.088	89.775						
11	.518	2.590	92.365						
12	.498	2.489	94.853						
13	.419	2.097	96.950						
14	.235	1.177	98.128						
15	.185	.926	99.054						

16	.069	.346	99.400					
17	.056	.281	99.681					
18	.036	.178	99.859					
19	.024	.118	99.977					
20	.005	.023	100.000					

The above table shows extracted factors those have Eigen values more than are considered as factors. Therefore, only six factors are considered which accounting 74% of variability.

Table 3 : Rotated Component Matrix^a

	Component					
	1	2	3	4	5	6
Aware of health insurance policies	.973					
Aware of health insurance benefits	.978					
Knows about health policy exclusions	.980					
Knows cost of premium	.989					
Knows claim process	.986					
Understand the role of network hospitals	.975					
Goodwill of company		.829				
Convenience in Purchasing		.707				
Availability of additional services		.638				
Satisfaction about agent service		.893				
Health insurance cover for family			.711			
Health insurance cover for personal accident			.684			
Health insurance Reduces risk of medical insurance			.659			
Agents				.739		
Direct Marketing				.615		
Advertisement				.890		
Claims gets tax deduction					.592	
Tax benefits on tax premium					.828	
Provides financial security						.602
Protects against loss of wealth						.831

Table 4 : Extracted Factors

Extracted Factors	Item	Factor Name
1	Aware of health insurance policies. Aware of health insurance benefits. Knows about health policy exclusions. Knows cost of premium. Knows claim process. Understand the role of network hospitals.	Awareness
2	Goodwill of company. Convenience in Purchasing. Availability of additional services. Satisfaction about agent service	Company related information
3	Health insurance covers for family. Health insurance covers for personal accident. Health insurance Reduces risk of medical insurance.	Risk
4	Agents. Direct Marketing. Advertising	Promotion
5	Claims gets tax deduction Tax benefits on tax premium	Tax Benefits
6	Provides financial security. Protects against loss of wealth	Security

As shown in the table six factors were extracted which are responsible for influencing buying decision making of Health Insurance policies.

Conclusion:

The study found that there are six factors responsible for buying decision making of health insurance policies. The factors are Awareness, Company related information, Risk, Promotion, Tax benefits and Security

Conflict of Interest:

This study is an exploratory research based upon Primary data and there is no conflict of interest. Although the study can be extended by considering more variables

Source of Funding – Not required.

Ethical Clearance :

As Primary data has been used and collected by the permission of respondent. Therefore, no ethical clearance required. However references required for the data has been mentioned in the study.

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