

**Awareness of Rural People towards Health Insurance  
(A case study of Davangere taluk)**

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**Abstract**

*India's larger portion of the population lies in the rural area and which is exposed vulnerable to risks such as illness, injury, accident and death because of their social and economic situation. Health insurance could be a way of removing the financial barriers and improving accessibility to quality medical care by the poor and also an effective social security mechanism. But the rural people still lags behind than the urban people in the matter awareness and subscription of health insurance. Most of the respondents are aware about health insurance but not yet subscribed for it because of various reasons like higher premium, no money back facility, lack of flexibility etc., Occupation, education and income level impacts a lot on the subscription for health insurance. Refund of cost of drugs, free of cost major surgeries, money back on maturity, larger coverage of hospital network are the important motivating factors for the subscription for health insurance.*

**Key words:** Health Insurance, Awareness, Rural people, Government Schemes

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**1. Introduction**

“Health is the level of functional or metabolic efficiency of a living organism”. The above definition is quite understood by doctors or health experts. So what is Health in general sense? What health mean to a common man? We can say “Health is merely the absence of disease or infirmity” and we can also say “good health involves healthy life style, health mental attitude and healthy ways of relating to all living beings and nature.” In modern world we deeply value good health, yet we have created a society and way of living so out of balance that damage to our long-term health is the inevitable result. To overcome such damage we take medical support which again created a financial problem for us.

Well, we all know for every problem there is a solution and here Insurance is the one. Insurance is a form of risk management which is used primarily to hedge against the risk of a contingent, uncertain loss. Insurance is defined as the equitable transfer of the risk of loss, from one entity to another, in exchange for payment. The basic principle of pooling of risks of unexpected costs is the main objective of Insurance system. And Health Insurance is the insurance that covers cost of medical and surgical expenses of an individual. Health insurance is an important means to finance health care needs of the people. Health insurance has emerged as one of the fastest growing insurance sectors in India, yet there are people who are still unaware of what benefits health insurance policies can provide them.

India has traditionally been a low spender on health care. In terms of India's share in global health expenditure it is only 4 percent of the world's total health expenditure (WHO). Even though

there are many companies trying to support to the Indian health infrastructure, India's health insurance market still lags behind other countries in terms of penetration. Indian Health Insurance sector majorly concentrated towards the urban population and the rural mass has been neglected since the beginning where nearly 69% of Indian population lives.

Expenses towards health issues are the cause of rural indebtedness after agriculture. Major portion of the country's poor are facing financial deficit to meet costs of health care. Due to this they are coming under the clutches of private lenders or need to sell their properties. This problem of huge out of pocket expenditure can be tackled through Health Insurance and it shows the necessity of health insurance to the rural people.

By recognising this need the Government of India as well respective State Governments have taken initiation and created various health schemes to cater the health need of rural people. And private Insurance companies are also contributing to this cause.

Hence to know the effectiveness of these schemes it is required to understand the awareness of rural people towards health insurance scheme provided by the Government as well as private insurance companies.

## 2. Literature Review

**B.Reshmi** et al. (2007) in their research stated that the middle and low socio-economic groups are a potential market to be tapped as they are ready to spend a reasonable amount as premium payable. The private insurance players should try to earn trust in the people as most of the respondents preferred government health insurance schemes. And to develop a viable health insurance scheme, it is important to understand people's perceptions and develop a package that is accessible, available, affordable and acceptable to all sections of the society.

**Jangati Yellaiah** (2012) concluded in their study as the determinants of awareness of health insurance were: religion, type of the family, education, occupation, annual income. Higher education and higher annual income increase awareness of health insurance. The health insurance companies should come out with clear cut policy details, as many of the respondents had vague ideas about the various benefits and risks involved in a policy. It is important to understand people's perceptions and develop a package that is accessible, available, affordable and acceptable to all sections of the society.

**Maheshkumar L choudhar** et al. (2013) in their research highlighted that awareness regarding health insurance is poor (57.25%); therefore awareness creation is needed. Education, socio-economical status and occupation were favourable determinants for opting health insurance. Reason for opting for health insurance was mainly related to medical care and financial aspects. Media seemed to have played an important role in dissemination of information. This calls for effective information, education, and communication activities which will improve understanding of insurance by the public.

**B. Muthukrishnan** et al. (2013) in their report mentioned that there is an immense need for massive propaganda to develop consciousness among the people regarding the need for financing health care in context of high out-of-pocket expenses on health. If we can successfully use insurance in covering our health hazards we might create a headway in front of the entire south-east Asia to come up with a solution to this formidable challenge to the society.

**B.Ramakrishna Goud** et al. (2014) in their study highlighted awareness regarding health insurance is low among households of rural India. The prevalence of Health Insurance among rural India is so and is dominated by Community Based Health Insurance. Most Popular Health Insurance

Scheme was Yeshaswini insurance scheme. Effective information, education and communication activities will improve understanding of insurance by the public and hence help in developing a market for health insurance.

### **3. Need For The Study**

Major portion of the people who have subscribed for health insurance belong to urban area. This implies that the rural people were still falling back in receiving the benefit of health insurance. This may be because of various reasons like unawareness, misconception towards health insurance or lack of effective policies. Hence this study has been undertaken to know the awareness level of the health insurance in rural area of Davangere Taluk and offer some suggestions to make rural people to avail the benefits of Health Insurance.

### **4. Objectives**

- 4.1 To study the awareness level in rural people towards Health Insurance.
- 4.2 To offer some suggestion to foster the awareness level in rural people towards Health Insurance.

### **5. Scope Of The Study**

The study is limited to 60 respondents chosen from various villages of Davangere Taluk. The study conducted to measure the awareness level rural people in Davangere Taluk regarding Health Insurance.

### **6. Research Methodology**

For this research the primary data from respondents has been collected with the help of the interview schedule. Stratified random sampling technique has been used to select 60 respondents on the basis of occupation. Other required data has been collected through secondary sources.

### **7. Data Analysis**

The Government-Sponsored Health Insurance in India date to the late 1940s when the central government introduced the Employees' State Insurance Scheme (ESIS) for blue-collar workers employed in the private sector. This was followed in the mid- 1950s by the Central Government Health Scheme (CGHS) for central government employees and for their families. Both schemes provided comprehensive medical coverage and followed a traditional social insurance risk-pooling model in which funds are pooled through employer and employee payroll contributions, supplemented, in these schemes, by government subsidies. Other government schemes for employees in railways and defence, and other civil servants, also emerged shortly after Independence. And after LPG in today's situation Government and private companies are contributing to the Indian Health Insurance Industry. Some of the companies are listed below with Insurance policies/schemes offered in India.

Company Name	Health Insurance name
Government sponsored Health Insurance	Employee's State Insurance Scheme Central Government Health insurance Scheme Yeshasvini Co-operative Farmers Health Care Scheme Vajpayee Arogyashri Scheme Rashtriya Swasthya Bima Yojana
LIC	Jeevan Arogya
New India Assurance	Family Medicare
Bajaj Allianz General Insurance	Health Guard
Birla Sun Life	Health And Wellness
Tata Aig	Mediprime Wellsurance Executive / Family / Women
ICICI Lombard	Health Advantage
National Assurance	Varishta Medicliam
United India Insurance	Family Medicare
Max New York life Insurance	Max Life Platinum protect II Max Life premium Return Protection Plan
Reliance	Health Wise Family Floater
Apollo Munich	Easy Health Gold / Exclusive / Standard / Premium

Table no.1 indicates awareness about Health insurance with respondent's classification on the basis of general information. When we consider age as factor for classification in the age group 15-30, 2 out of 22 respondents are not aware about Health Insurance. Between age group 30-45 all 20 respondents are aware about the health insurance policy. And in age group 45-60, 2 out of 18 respondents are not aware about the health insurance. And we see no participation of respondents with the age above 60 years.

In this survey 44 male respondents and 16 female respondents were participated. 2 respondents each from both male and female respondents are unaware about Health insurance. When we classify the respondents with their education level, 2 from illiterate group and 2 from Graduate group are unaware about the Health Insurance policy. And remain all 56 respondents have knowledge about Health Insurance. And in occupation category 2 students and 2 Agriculturist out of 60 respondents are unaware about the Health insurance policy.

In this study 4 respondents out of 60 respondents are having Income below Rs. 50,000/- per year and are unaware of Health Insurance Schemes. And when we consider family type 4 respondents are from nuclear family and don't have the knowledge about Health Insurance Schemes. When we see the awareness level in category wise classification among respondents 4 respondents from General Merit category are unaware of Health Insurance Policy and remaining 56 respondents from all categories have the knowledge about Health Insurance Policies.

### Survey analysis and interpretations

**TABLE NO. 1**

#### Classification of respondents on the basis of general information and awareness about Health Insurance

General Information		Awareness about Health Insurance Policy		
		Not Aware	Aware but not subscribed	Aware And subscribed
Age	15 to 30	2	10	10
	30 to 45	-	8	12
	45 to 60	2	8	8
	Above 60	-	-	-
Gender	Male	2	20	22
	Female	2	6	8
Education Qualification	Illiterate	2	-	4
	Primary Level	-	-	12
	Secondary Level	-	4	8
	Higher Secondary Level	-	10	4
	Graduate	2	10	2
	Post Graduate	-	2	-
Occupation	Student	2	6	2
	Agriculture	2	-	8
	Business Man/ Self Employed	-	6	4
	Govt. Employee	-	10	-
	Private Employee	-	4	6
	Labour	-	-	10
Income Level	Below Rs. 50,000/-	4	6	22
	Rs. 50,000/- to Rs. 1,50,000/-	-	10	8
	Rs. 1,50,000/- to Rs. 2,50,000/-	-	-	-
	Above Rs. 2,50,000/-	-	10	-
Family Type	Joint Family	-	4	4
	Nuclear Family	4	22	26
Marital Status	Unmarried	2	14	4
	Married	2	12	26
Religion	GM	4	18	16
	OBC	-	6	6
	SC	-	2	4
	ST	-	-	4

Source: Field Survey

**TABLE NO. 2**

**Source of Information to the respondents regarding Health Insurance**

Source of Information	Frequency (N=60)	Frequency in %
A. Television	8	14.3
B. News Paper	8	14.3
C. Family and Friends	44	78.6
D. Doctors	2	3.6
E. Insurance Agents and Tax Consultants	18	32.1
F. Internet or Social Media	0	0
G. Govt. Promotional Schemes	14	25.0

Source: Field Survey

Table no.2 indicates source of information from Friends and Family is 78.6%, from insurance agents and tax consultants are 32.1% and it is 25% from Government promotional scheme.

**TABLE NO. 3**

**Factors Supporting for subscription of Health Insurance**

Reasons for Subscribing	Frequency (N=60)	Frequency in %
A. Refund of cost of drugs during illness	26	86.7
B. Money return with interest when policy mature	12	40
C. Provide compensation if something bad happens	2	6.7
D. Provide free of cost major surgeries	8	26.7
E. Compulsion from employers	0	0
F. Tax gains	0	0
G. Influence by agent	0	0
H. Others	0	0

Source: Field Survey

Table no.3 indicates 86.7% of respondents say refund of cost of drugs is the reason for subscription. Money return with interest on maturity is the reason for subscription for 40% of respondents. And for 26.7% of respondents providing free of cost major surgeries is the reason for subscription.

Table no.4 shows 40% of the respondents consider premium amount as factor affecting for subscription. 33.3% of respondents say lack of trust and no money back on maturity is the reason for not subscribe.

**TABLE NO. 4**

**Factors affecting for subscription of Health Insurance**

Reasons for not Subscribing	Frequency (N=60)	Frequency in %
A. Higher premium amount	12	40.00
B. No money back on maturity	10	33.3
C. Lack of trust towards private insurance company	10	33.3
D. Non flexibility for subscribers(Availability)	2	6.7
E. Others	10	33.33

Source: Field Survey

**TABLE NO. 5**

**Popularity of Health insurers**

Popularity	Frequency (N=60)	Frequency in %
A. Government Policy	26	86.7
B. Private Policy	4	13.3
C. Co-operative Policy	0	0

Source: Field Survey

Table no.5 indicates 86.7% respondents are subscribed to Government Health Insurance policy and 13.3% respondents are subscribed to Private Health insurance policy.

**TABLE NO. 6**

**Classification of respondents on the basis of satisfaction with the Health Insurance**

Satisfaction	Frequency (N=60)	Frequency in %
A. Satisfied with subscription	24	80
B. Not Satisfied with Subscription	6	20

Source: Field Survey

Table no.6 indicates 80% respondents are satisfied with Health Insurance subscription. And because of few reasons 20% respondents are not satisfied with Health Insurance Subscription.

**8. Findings**

- 8.1 78.6% respondents have got information about Health Insurance from Family and Friends and 25% respondents are aware of Health Insurance from Government Promotional Activity. News papers, Electronic media and Social media are playing very small role in creation of awareness about Health Insurance.
- 8.2 All respondents who are Government employees are not subscribing for Health Insurance Schemes as they are getting reimbursement for medical expenses from Government.
- 8.3 About 40% of respondents are not subscribing for Health Insurance because of high premium charged by Private companies and in rural area Insurance is treated as additional burden than benefit. 33.3% of respondents are not subscribing because of Lack of trust with respect to private companies. And 33.3% respondents are not subscribing to Health Insurance because Money Back on Maturity is not provided by Government scheme.
- 8.4 In this study 86.7% of respondents are choosing Government Schemes and only 13.3% of respondents are opting of Private Health Insurance Schemes. Small amount of contribution from Private Insurance Company's in rural area.

- 8.5 33.3% of respondents who are not insured because Government Health insurance policy can be claimed only from specific hospitals.
- 8.6 Procedural complexities are faced by rural people while subscribing to Health Insurance policy and while claiming from the insurance policy.
- 8.7 0% (Zero %) of respondents have subscribed for Health Insurance considering Tax saving benefit. In rural area Tax saving benefit is not making any difference for subscription.

### 9. Suggestions

- 9.1 About 69% of India's total population are living in rural areas or villages and the income level of rural peoples is very less, so it is important for the government to support financially with regard to medical expenses.
- 9.2 Private insurance Companies need to frame special Health Insurance policies for rural people.
- 9.3 Utilisation of Students and Education Institutions will help to create awareness about Health Insurance in rural People.
- 9.4 Introduction of Health Insurance policies which covers money back facility on maturity along with regular feature of Health Insurance.

### 10. Conclusion

“So many people spend their HEALTH in gaining WEALTH and then spend their WEALTH to regain HEALTH”. Health insurance is emerging to be an important financing tool in meeting health care needs of the poor. In rural area special efforts are essential to foster the awareness about the health insurance. Government is striving alone in this regard and Private Sector Insurance companies are ignoring the rural mass where a huge opportunity lies for them. Mere creation of awareness does not conclude the objective also there is a need to induce the people to subscribe for health insurance schemes.

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