

A Study of Health Insurance Business in India

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Abstract

It was 1884 when the health insurance came into existence in Germany. Initially it started for sickness and accidental insurance. After First World War it was adopted by Great Britain, France and Soviet Union. Britain was the first country in the world that made the health insurance compulsory for their citizens. This facility was providing at a nominal cost. There was no any specific service and rules for health insurance in India before 194. The insurance act 1912 and 1938 was not provided any specific rule and guidance for health insurance as both was focused on life insurance. The state insurance scheme started in India in 1948. The central government of India started a health insurance scheme from 1954. More than 80 percent population of India is uncovered from health insurance still today. The government of India deregulates the insurance business from the year 1999. IRDA act came into existence; it gave a new direction to the insurance industry in India. Presently 22 companies are working in health insurance sector 19 in private sector and three others in government sector Maharashtra is the best state in health care coverage.

Keywords : *Schemes, Health, Insurance, Private, Public and performance.*

1. INTRODUCTION

Health is a most important part of life for every human being: average age of a citizen in India is 68 years. This is also a fact that a number of citizens dying in the absence of proper treatment of their illness. The health insurance makes easy to the medical treatment on a small amount of investment. The Indian government is now properly aware about the fact. The health insurance is only option to facilitate the medical care to every citizen. So the government is also inspiring the people for health insurance.

The insurance industry comes under the financial service sector. Health insurance looks a matter of life insurance but it comes under the non life insurance category in India. The Life insurance companies also rolling the health insurance product in India.

The health insurance industry is the fastest growing service industry in India. It has a sea of opportunity. The maximum part of the population

depends on the private health care system/hospitals. The patient is expensing more than the capacity. It is enhancing the health care cost in India. The health insurance company will facilitate the expenses and risk of treatment both. The company can also reduce the cost of treatment on behalf of contract signed with the hospitals.

As per the report of world health organization 10 to 15 per cent of child died within a year of their birth. The situation of our country is also likely to be same. The average age of a individual is 55 year in developing countries. There are multiple factors which affect the health of a human being. The health insurance policy is covering the many diseases. The factor which determined the health of a individual is environment, health care facilities, awareness, technological environment and financial conditions.

2. OBJECTIVES OF THE STUDY

1. To study the present position of health insurance business in India.

2. To study the performance Health Insurance business in India.
3. To study the states performance in health insurance business in India.

3. METHODOLOGY

The present study is based on secondary data. The data will be collected from magazines annual reports and other resources of secondary data. The appropriate statistical tools and techniques will use to analyse the data.

4. SOME HISTORICAL FACTS

The health insurance came into existence in Germany in 1884. Initially it was started for sickness and accidental insurance. After First World War it was adopted by Great Britain, France and Soviet Union. The National health insurance act was come into existence 1946 in Britain. It was come into effect from 1948 upwards. It provided the compulsory medical care plan to individuals. The whole cost of this facility and services would be paid by the national government. This facility was providing at nominal cost. The free hospital charge and other facility was providing by the national government from 1958.

The insurance act 1912 and 1938 was not provided any specific rule and guidance for health insurance as both was focused on life insurance. But it was not sufficient. Some industrial worker and their families were covered by health insurance scheme in India. It was on private level of those industries. The state insurance scheme started in India in 1948. The central government of India started a health insurance scheme from 1954. The coverage of health insurance is very low, only 20 percent population covered. The citizen of India is unaware from the health insurance. The Indian citizen has vehicle insurance but not have a health insurance. It shows the lack of awareness about the health risk.

In India health insurance is a part of non life insurance business. India is the seventh largest contributor of non life insurance in the world. The top ten non life insurance contributor of the word is as fellows.

The Health insurance in India is showing a very poor picture in India. It is just a instrument of reducing the income tax in India. It purchase after paying a premium to the insuring company. It is only Limited to some public organization. The government of India is funding only two percent health care. It is not a world class position of the sector. As of now the government of India allowed 49% of FDI in insurance sector. It is hope that scene will be change now.

Table - 1
Companies working in Health Insurance Sector in India

Sr. No.	Public Sector	Sr. No.	Private Sector
1.	Oriental	1.	Apollo Munich
2.	United India	2.	Bajaj Allianz
3.	Future Generation	3.	Bharti Axa
		4.	Cholaman Dalan Ms.
		5.	Future General
		6.	HDFC ERGO
		7.	ICIC Lombard
		8.	IF
		9.	L & T
		10.	Liberty Videocon
		11.	ma HDI
		12.	Max Bupa
		13.	Raheja DBT
		14.	Reliance
		15.	Religare Health
		16.	Royal Sundarm
		17.	SBI General
		18.	Star Health
		19.	Universal Sunbow

Source : Annual report IRDA, and private companies.

5. FACILITATOR OF HEALTH INSURANCE IN INDIA

I. Public Sector

Public sector health care system includes central government health schemes (CGHS) and state

provided health insurance schemes (ESIS). These schemes are fully funded by state/ central government and for their employees. Who are working in public sector central/state owned and governing departments? It facilitates the central government/ state government for medical and health care.

(a) Central Government Health Scheme (CGHS): The CGHS started from New Delhi in 1954. Presently CGHS operating in Allahabad, Ahmadabad, Bangalore, Bhubaneswar, Bhopal, Chandigarh, Deharadun, Guwhati, Jaipur Jabalpur, Kolkata, Delhi, Chennai, Kanpur, Meerut Mumbai, Patana, Pune, Ranchi, Shilong, Trivandrum and Jammu. It provides comprehensive health care facilities for the central government employees. It is facilitating the health care services to the pensioners and their dependents in those cities which are covered under CGHS schemes. It also provides health care medicine Allopathic, Homeopathic, Unani, Yoga and Sidha. medicine are serving through wellness centre.

It covers the facilities of dispensary and FW & MCH services with domiciliary care. It is Facilitating Specialists consultation at dispensary, polyclinic and hospital level including X-Ray, ECG and Laboratory Examinations. It facilitate to the organization for the purchase, storage, distribution and supply of medicines.

(b) Rastriya Svasthiya Bima Yojana (RSBY) : The scheme Rashtriya Swasthiya Bima Yojana has been launched for health insurance. It is for the families of below poverty line by the Ministry of Labor and Employment, Government of India. The objective of RSBY is to provide protection to BPL households from financial liabilities arising out of health shocks that involve hospitalization. The Beneficiaries under RSBY are entitled to hospitalization coverage up to Rs. 30,000/-. Government has even fixed the package rates for the hospitals for a large number of interventions.

The following points are making deference between RSBY and other schemes which is running by the government.

Empowering the beneficiary – It provides the freedom to choose public or private hospital for the treatment any district of the country.

Business Model– The scheme designed for the benefits to all stakeholders. It designed for both in terms of expansion of the scheme as well as for its long run sustainability.

Insurers– The insurer is paid premium for each household to all which enrolled under RSBY. It inspires the households to enroll under the scheme. It will develop a better coverage under this scheme.

Government– A person or BPL family will pay 750/- per year, the government will provide him health care. It creates a healthy competition.

Information Technology (IT) Intensive– It is first time when between health care competitors IT applications are being used for social sector scheme on such a large scale. Every beneficiary family is issued a biometric enabled smart card containing their fingerprints and photographs. All the hospitals empanelled under RSBY are IT enabled and connected to the server at the district level. This will ensure a smooth data flow regarding service utilization periodically.

Safety– The scheme is used biometric smart card it made it fool proof. It ensures that card will reach to the real beneficiary. The biometric enabled smart card ensures that only the real beneficiary can use the smart card.

Portability– A participant paneled he / she will found a benefit of scheme in all over India in paneled hospital. It shows the unique feature of this scheme.

Cash less and Paperless transactions– The scheme will provide a benefit of cashless and paperless transactions. The hospitals are panelizing by the scheme. The beneficiary required to show their smart cards and verification through finger print. All the insurers send the claim online. It is also approved through online.

(c) Employment State Insurance Scheme (ESIS) : The Employees' State Insurance Scheme of

India is providing socio-economic protection to worker and their dependants. It provides the full medical care for employee and their dependants that are admissible from day one of insurable employment. The insured employees are also entitled to a variety of cash benefits in times of physical distress due to sickness, temporary or permanent disablement etc. resulting in loss of earning capacity.

- ❖ The scheme is applicable to non-seasonal factories employing 10 or more persons.
- ❖ The Scheme has been extended to shops, hotels, restaurants, cinemas including preview theatres, road-motor transport undertakings and newspaper establishments employing 20 or more persons.
- ❖ The Scheme has been extended to Private Medical and Educational institutions employing 20 or more persons in certain States/UTs.

The ESI Scheme is being implemented area-wise by stages. The Scheme has already been implemented in different areas in the following States/ Union Territories of Indian Union.

States– All the States except Manipur, Sikkim, Arunachal Pradesh Mizoram, Delhi and Chandigarh

(d) Universal Health Insurance Scheme (UHIS) : The four public sector general insurance companies have been implementing Universal Health Insurance Scheme for improving the access of health care to poor families. The scheme provides for reimbursement of medical expenses up to Rs.30,000/ - towards hospitalization floated amongst the entire family, death cover due to an accident @ Rs.25,000/ - to the earning head of the family and compensation due to loss of earning of the earning member @ Rs.50/ - per day up to maximum of 15 days. The Universal Health Insurance Scheme (UHIS) has been redesigned targeting only the BPL families. The premium subsidy has been enhanced from Rs.100 to Rs.200 for an individual, Rs.300 for a family of five and Rs. 400 for a family of seven, without any reduction in benefits.

II. Private Sector

Health insurance is also open for private sector after IRDA act. Presently in the private sector more than 19 players are operating in India in health care. All the players are issuing the varieties of product for Indian national. Industrial hubris which providing their employee insurance cover. Many private sector organizations are providing the facility to their employee.

The Indian government was deregulating the insurance sector with establishment of IRDA in the year 1999. There are many private players in this sector which providing the facility of health insurance in India. But the private sector players increase the cost of health insurance. The health insurance required focus to improve the Quality of insurance. The new players coming in this sector and the prices of the product are increasing day to day. It is affecting the quality of health insurance.

III. Private Employers Schemes

Many employees provide the medicine facility without any amount reviewed from the salary of the employees. It provides medical insurance facility under social welfare scheme or fund from their organization.

IV. NGO and Cooperative

Some non government organization is providing the medical facility. It is giving with a nominal amount or without any amount. It is a facility to them who could not afford the amount of medical illness. It is a long term effort to develop the nongovernmental organizations for health care.

V. Seva Gram

Medical college is working in Maharashtra. Akshi work in worth Gujarat, Tribunandas is working in Khara districts where the annul daily is established in Gujarat. Nav Sarjan work with reduced cost in more thousand villages in Gujarat. These all NGO's working at a very nominal premium and providing the facility of primary as well as secondary health.

6. PERFORMANCE OF HEALTH INSURANCE BUSINESS :

The performance of health insurance industry

is showing a positive sign. It is improving year to year. The performance of private as well as public sector is

satisfactory. The following table is showing the collection of premium of last eight years.

Table 2 : Premium Collected by the Health Insurance Company

(In Cr)

Insurance	2007	2008	2009	2010	2011	2012	2013	2014
Private Sector	1223.99	1832.50	2266.30	2349.80	2580	3446	4205	4482
Public Sector	1973.6	3136.50	2824.00	4883.3	6689	8015	9580	10841
Stand Alone	11.16	155.94	535.09	1072.10	1491	1608	1668	2172
Total Industry	3208.7	5125.00	6625.50	8305.2	11031	13070	15453	17495

Source : Report 2007, 2008 to 2012.

On the basis of above table we can say that the private sector which collected a premium of Rs. 1223.99 in the year 2007. It is showing a steady growth every year in the collection of premium. It improved more than three times in last eight years. It is now Rs. 4482 cr at the end of financial year 2014. The public sector also showing a satisfactory growth year to year. The premium collected by public sector in the year 2007 was 1973.6 cr. As of now it is 10841 cr in the end of the financial year 2014. It is also noted that the overall industry is showing a growth year to year, it is a good sign for the future of industry.

The following table is showing the percentage of market share of health insurance business. The government sector is showing a very poor performance in this sector. It is just 20 percent in 2011 unfortunately it is decreasing year to year. The other nongovernmental groups are also increasing. It is showing a growing percentage in the market share of health insurance industry. The growth of these players of industry is very slow.

Table 3 : Market Share of Health Insurance

(In percentage)

Sector	2011	2012	2013	2014
Government	20	17	15	12
Group other than (Govt.)	45	46	47	46
Individual	35	37	38	42

Source : Report 2007, 2008 to 2012.

Insurance coverage is a very important issue in every nation. It shows the penetration of that country. It is less than the parameter of develops country. The coverage of government sector is losing. It is also noted that the coverage of private Sector are not so good. It is not a good sign for the industry.

Table 3 : Number of Persons Covered

(In Lakhs)

Sector	2011	2012	2013	2014
Government	1891	1612	1494	1553
Group other than (Govt.)	226	300	343	337
Individual	419	206	236	273
	2535	2118	2073	2162

Source : Report 2011, 2012 to 2014.

Our country is a union of 28 state and 7 union territories. The state is a metro concern in health insurance business. The four states in health insurance business shows in the table Maharashtra is largest insured people and group in India. The 31 per cent of health insurance show comes from Maharashtra state after Tamil Naidu is second highs premium provider in India where 11 per cent of premium collected from Tamil Naidu State.

Table 4 : Top Four States in Health Insurance
(2013-2014)

State/Union Territory	Premium	Percentage
Maharashtra	5379	31
Tamil Naidu	1938	11
Karnataka	1773	10
Delhi	1680	10
Rest of State/UT. India	6725	38

Source : Annual reports IRDA, 2013-14

7. POLICY ISSUED IN HEALTH INSURANCE

In the year 2013-2014, the non Life insurers were issued more than one cror health insurance policies. Which covered 21.62 population of the country? 72 per cent of total number of policies issued by government sponsored health insurance company and 28 per cent issued by commercial health insurance policies. The trend of last for year shows the decreasing trend of government sector in health insurance schemes.

8. CONCLUSION

The journey of health insurance was started from France in 1883. It came in Germany and Britain

after France. The modern form of the health insurance started after Second World War. Health insurance nationalized by the europium countries.

The health insurance concept was started from 1938 in India. It was not a true start. In the year 1948 and 1954 was the big steps for health insurance sector. The government was started the state insurance and health insurance schemes.

Presently four government and nineteen private players are operating in the health care sector. The 80 percent part of Indian population is uncovered from the health care system. Maharashtra is the best state in health care coverage, Where more than 30 percent people covered by the health care system. The national government also started some welcomed schemes RSBY, CGHS, ESIS , are the central government scheme for the government employee. The private players and some NGO's also doing well. The present government also is also moving forward in the health care sector.

9. SUGGESTION

It suggests that the government of India try to make mandatory to health insurance. The process to purchases the health care product must be promoted. The government should make some effort to provide the insurance coverage to every citizen of India.

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