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A study on people's awareness towards health insurance

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Abstract

This research offers valuable strategic insights and a perspective on the business model of health insurance as a means of funding healthcare. Both primary data from expert interviews and secondary data are utilized to examine the total disease burden and healthcare industry trends in India, as well as monitor healthcare financing via health insurance. In order to determine the key factors for success and to understand the business model in the health insurance sector, 27 experts in healthcare, insurance, and strategic management were interviewed through phone and in-person meetings. The results of the study indicate that the expansion of health insurance as a means of healthcare funding in India has faced ongoing challenges and been influenced by various changes in the health insurance and healthcare sector in the past ten years. Insurance companies often struggle with a high incurred claim ratio, which is a significant challenge they must address. We observe a high level of competition in the Indian health insurance sector, and believe that concentrating on key success factors can give insurance firms a competitive edge. The health insurance industry has a distinctive business model, which includes different structures and mainly involves strategic decisions and outcomes. This article outlines the six crucial success factors for competition in the health insurance industry, based on insights from healthcare and health insurance experts and the resource-based view literature. We additionally outline five strategic decisions that can enhance the financial performance and secure a lasting competitive edge for health insurance firms. Our suggestion is for insurance companies to create a new and creative business strategy focused on reducing the claim ratio while also boosting customer willingness to pay. Insurance companies should concentrate on the six critical success factors and make investments to boost customer willingness to pay and lower claim ratios.

Keywords: Health insurance, healthcare funding, business model, strategic insights

Introduction

Growing involvement in the health sector by activists and increased transparency towards investors, patients, healthcare providers, and decision-makers is pushing corporate boards and chief executive officers to take responsibility for shaping organizational culture like never before. A lot of health leaders are wondering: "How can we enhance our grasp of the health industry ecosystem and prioritize the identification of new opportunities to improve performance?"

How can organizations transition from responding to cultural issues to embracing a proactive entrepreneurial mindset? We believe that leaders need to enable employees to exhibit appropriate behaviors by leveraging their understanding of their team and having leaders with an entrepreneurial mindset in order to drive ongoing and effective innovations. A culture that is focused on vision and permeates throughout the organization leads to behaviors that allow for intentional and ongoing rejuvenation of the organization, adjusting its operations and practices to identify opportunities for innovation.

However, merely being an organization does not guarantee having an entrepreneurial mindset - the actions taken within the organization are influenced by individuals who have a natural inclination towards entrepreneurship, such as leaders and staff recognizing opportunities that can be applied in the market. This type of creativity is not the result of chance or the involvement of external advisors. Instead, the most successful innovation originates from within, involving individuals at various levels of the organization and industry ecosystem. Entrepreneurship and innovation are innate human actions and are most efficiently produced through collaborative efforts among employees.

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How can we strategically make a cultural shift to empower, educate, and support innovation both now and in the future? How can the mindset of individuals and staff be transformed to embrace both an entrepreneurial and innovative approach, even if health-care professionals don't see themselves as entrepreneurial? How does an organization assess and respond to the input of practitioners in order to guarantee the authenticity of the exercise.

Review of literature

At the beginning of this project, the term multidisciplinary was selected by the authors to emphasize the importance of having multiple disciplines represented on a team. As work progressed, authors discovered that numerous teams move beyond being multidisciplinary, where members uphold roles specific to their disciplines, to becoming interdisciplinary, with teams having more interdependence, jointly established goals, and integrated care plans focused on the client. Data, both primary and secondary, were gathered and examined in order to meet the goals of the research. To explore the healthcare landscape in India, focusing on hospitals, hospitalization expenses, and healthcare funding, secondary data was utilized for the initial research goal. The study analyzed the 75th NSS report and the content on the Ministry of Health and Family Welfare (MoHFW) website, such as the National Health Policy.

Statement of problem

Health insurance provides specialist care for ongoing treatment and safeguards against medical expenses from accidents and chronic illnesses. Medical coverage also provides protection for individuals requiring urgent treatment for a broken leg, stroke, or heart attack. It is crucial to purchase a health insurance plan for both individuals and families as medical treatment can be costly, particularly in private hospitals. Because of changes in the environment, numerous diseases are rapidly spreading to humans. The sickness had a significant impact on both the people and their families. Currently, the medical costs in advanced hospitals are exceedingly high. Covering the medical costs for individuals in the middle class and upper-middle class can be quite challenging. Having a medical care policy is crucial for people to prevent unforeseen financial strain. A health insurance plan that is deemed satisfactory typically includes coverage for doctor consultation fees, medical test costs, ambulance charges, hospitalization expenses, and some post-hospitalization recovery costs. The main reason for the financial instability among poor and middleclass individuals is the rising cost of healthcare. Most of them rely on private loans or sell off their possessions to cover the cost of medical expenses. Many customers are discouraged from getting a health insurance policy due to their lack of understanding about the costs involved in paying premiums and processing claims. Likewise, customer contentment is influenced by how they view the product which is mainly shaped by awareness. Therefore, it is crucial to examine the level of customers'

focus on health insurance products and the connection between comprehension and customer satisfaction.

Objective of the study

In order to examine the customers' awareness level of health insurance products.

To evaluate the correlation between knowledge of health insurance policies and the satisfaction levels of health insurance clients.

Methodology

The current study aims to assess the level of customer awareness and satisfaction regarding health insurance policies in Chennai City. The research utilized both primary and secondary data sources. The main information is gathered from the customers who have health insurance policies in Chennai city. The feedback is obtained from the insured individuals via the carefully crafted questionnaire. The goal of secondary data is to acquaint oneself with the research area. The second-hand data comes from the articles, journals, Insurance Regulatory Development Authority, and newspapers. The research employed a convenience sampling technique. In total, 300 surveys were handed out, and 283 completed surveys were received from customers. The completed responses are reviewed and approved, making all 283 samples suitable for the final analysis. Hence, the study's overall sample size is 283. The research employed frequency distribution, one-sample t-test, and General Linear Model for Multivariate Tests.

Literature review

Examining academic papers, industry reports, regulatory changes, and case studies regarding Portfolio Management Services (PMS) in India is crucial for understanding the Comprehensive Guide to PMS.

Data collection

Secondary data collection for a Comprehensive Guide to Portfolio Management Services (PMS) in India involves gathering information from sources like publications, studies, scholarly papers, and regulatory documents.

Data analysis

To gain understanding of market trends, performance, investor behavior, and regulatory impacts, an extensive analysis of both quantitative and qualitative data is necessary in a guide to portfolio management services (PMS) in India.

Table 1: Company wise Market on PMS

Sr. No.	Name	Debt AUM
1	Motilal Oswal	795 Cr
2	ICICI Prudential	219278 Cr
3	KOTAK	141109 Cr
4	HDFC	201752 Cr

Interpretation

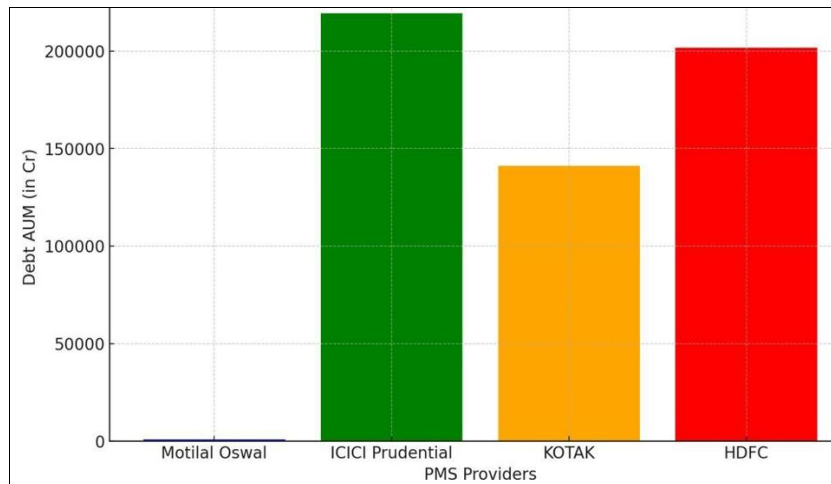


Fig 1: Debt AUM Comparison of Portfolio Management Services in India

The debt AUM (assets under management) of many portfolio management service (PMS) providers in India is contrasted in this bar chart. It demonstrates the notable

disparities in debt AUM between companies, with HDFC and ICICI Prudential dominating with far higher sums than Motilal Oswal.

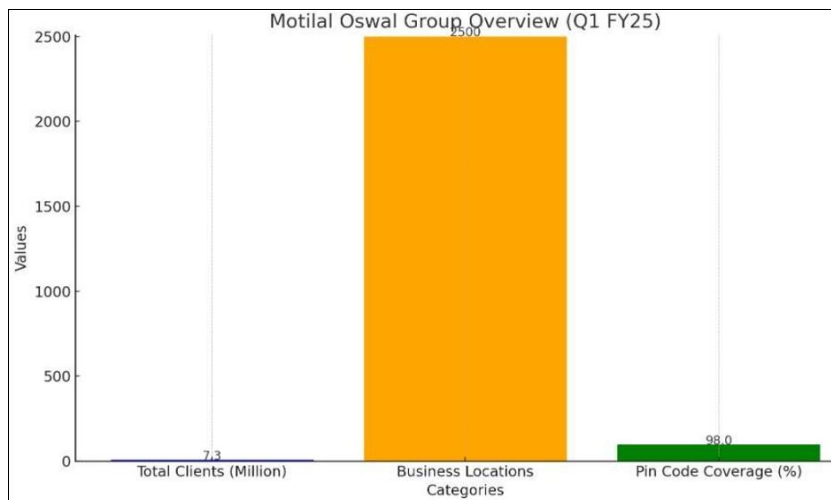


Fig 2: Customer base of Motilal Oswal Graphical representation

The Motilal Oswal Group's overview at the end of the June 2024 quarter (Q1 FY25) is shown in this bar graph. It emphasizes the about 7.3 million clients overall, the 2,500

business sites, and the 98% pin code coverage. Please let me know if you require any modifications or further data visualizations.

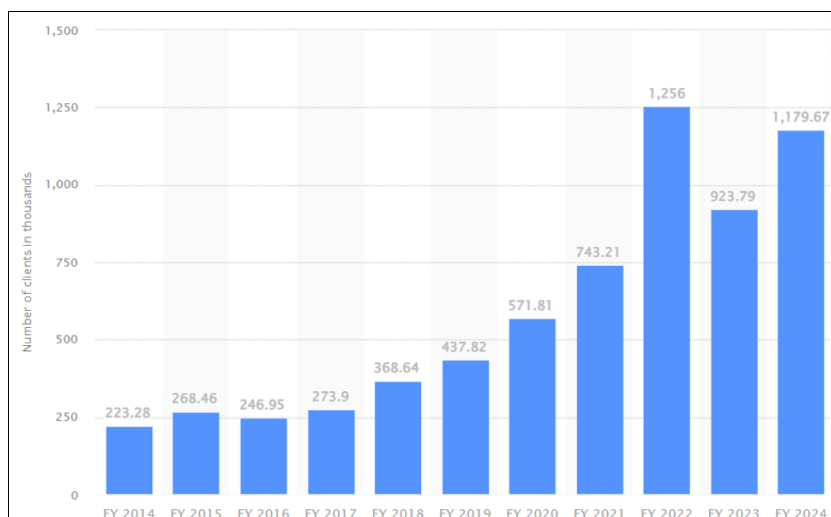


Fig 3: Customer or clients base in Kotak PMS

Kotak Securities Limited, an Indian financial services company, had over 1.1 million active customers in the fiscal year 2024. When compared to the prior fiscal year, this was

a significant gain. As a division of Kotak Mahindra Bank, Kotak Securities provided a range of services, such as investment banking, mutual funds, and stock broking.

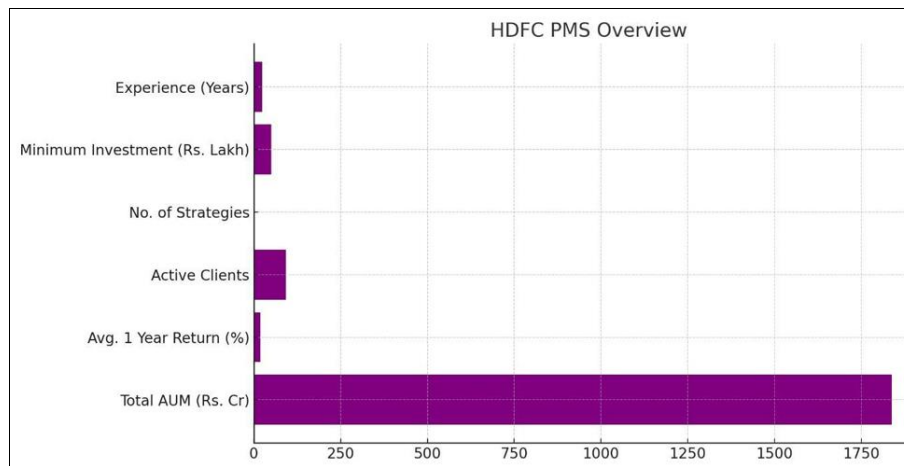


Fig 4: Overview of HDFC PMS Performance

The HDFC PMS metrics, including total AUM, average 1-year return, active clients, strategies, minimum investment, and experience, are summarized in this horizontal bar graph. If you would like any changes, please let me know.

Conclusion

Customized financial solutions that exceed mutual funds or traditional investment options, portfolio management services (PMS) have become an essential tool for wealthy individuals and institutional investors in India. A number of important problems were brought to light in the PMS research carried out in India.

Tailored Investment Strategy

Unlike mutual funds, PMS provides customized portfolio management tailored to the investor's investing preferences, financial goals, and risk tolerance. This custom technique allows for greater flexibility and control in *asset allocation*.

Various Approaches

Value, or income portfolios.

PMS providers in India like Kotak, HDFC, and Motilal Oswal offer strategies such as large-cap, mid-cap, small-cap, multi-cap, and sectoral focus. Different investment objectives, such as growth, value, or income-focused portfolios, are met through these methods.

Management of Performance and Risk

Using metrics such as Alpha, Beta, Sharpe ratio, and consistency ratios to assess risks and returns, PMS typically offers thorough monitoring of performance. In contrast to mutual funds, there is a higher level of transparency provided, making it easier for investors to evaluate portfolio performance compared to market benchmarks.

Greater Barriers to Entry

PMS is mainly focused on high net worth individuals (HNIs) because of its usual minimum investment threshold of ₹50 lakh or above. In this specialized industry, customers tend to prefer a high-quality service with better performance and personalized options.

Diversification of Portfolios

Most PMS portfolios cover sectors like banking, finance, IT, healthcare, and autos. The selected approach, whether it favors certain sectors or market capitalizations (such as large-cap, mid-cap, or small-cap), ultimately dictates the level of diversification.

Long-Term Attention and Proficiency

Investors can access seasoned fund managers that actively manage portfolios with a long-term perspective thanks to PMS providers' years of experience (Kotak PMS, for example, has been in the market for 24 years).

Investor Protection and Regulatory Oversight

The Securities and Exchange Board of India (SEBI) ensures accountability, transparency, and protection of investors in the regulation of Portfolio Management Services (PMS) in India. To safeguard investor interests, SEBI mandates PMS providers to strictly follow investment norms.

The main obstacles

- **High Fees:** PMS often has higher management and performance fees than mutual funds, which may have an effect on net returns.
- **Liquidity issues:** During market downturns, PMS portfolios, especially those that concentrate on small- and mid-cap stocks, may be vulnerable to liquidity issues.
- **Complexity:** For retail investors, PMS can be complicated, therefore it's critical that clients comprehend the risks involved and the tactics for building a portfolio.

High net worth individuals and individuals seeking personalized, actively managed portfolios can benefit from the sophisticated investment opportunities provided by portfolio management services in India. For investors who have higher levels of resources and a willingness to take on more risk, PMS could be an attractive option due to its wide range of strategies and heightened flexibility. Potential investors need to ensure that their financial goals align with the services provided by PMS by understanding the costs,

risks, and long-term commitment required.

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