

“Health Insurance in India – Opportunities and Challenges”

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Abstract: - Health insurance is the emerging service sector in India. India is a growing economy, people in urban and rural areas are now days more educated, health conscious, rise in their living standard and need of quality healthcare leads to need of health Insurance. Health insurance in India are provided by government sector as well as private sector players. After deregulation many private sector Insurance companies entered in the insurance market and offer a wide range of innovative products to the consumers. Liberalization also opened the doors for foreign player to enter in health insurance sector. As a result the scope of Health insurance sector is getting wider. Government of India is also focusing on the improvement of health care and health insurance services. Recent government envisioned health insurance for each citizen. It has planned to cover the medical treatments of the entire population like free drugs, insurance for serious ailments under Universal Health Insurance called National Health Assurance Mission. Growing middle class, educated youth, awareness of need for protection against lifestyle disease, tax benefits are the factors which are giving growth opportunities to health insurance sector to become fastest growing non-life insurance segment. These opportunities are facilitating market players to expand their business and competitiveness in the market. Companies are becoming more customer centric, drive down cost, using new technology etc which are helping them to grow. But there are some structural problems faced by the companies like high claim ratios, less understanding of product, changing need of customers etc. which emphasize companies to innovate products on all fronts. This paper is an attempt to study the present health Insurance scenario, opportunities and challenges of Health Insurance Companies in India

Keywords: Health insurance, major players of health insurance in India, opportunities in health insurance, structural problems.

I. INTRODUCTION

“It is health that is real wealth and not pieces of gold and silver”---Mahatma Gandhi

According to the statement if you don't have health, you don't have anything. Significant changes in lifestyle now in modern days are giving risk to occurrence of the life style diseases. Side by side more educated population these days is getting health conscious. For better health management with regular checkups, yoga, gym and preventive health care, people are

bending towards Insurance needs. Health Insurance is the best solution for health care need. Health insurance is insurance against loss through illness or injury of the insured; especially: Insurance providing compensation for medical expenses and often income for disability (Merriam-webster).

With Individuals, Government of India is taking initiative to provide health insurance benefits to common people. Government has Launched many schemes example; Rashtriya Swasthya Bima Yojana (RSBY), Aam Aadmi Bima Yojana (AABY), Employment State Insurance Scheme (ESIS), Universal health insurance Scheme(UHIS) etc. for healthy India. Even Recent Government has started eight insurance & social security Schemes to benefit the common man.

Health insurance these days in India, is most emerging Insurance sector after life and auto insurance. Since Liberalization in 1991, with the opening of economy, Insurance sector has undergone many changes. After Liberalization, IRDA (Insurance Regulatory and development Authority Act) 1999, bill got passed in the Parliament. Since then IRDA is regulating the insurance sector and encouraging insurance companies to develop new products with the help of new technology and newer distribution channels. After privatization many private player and foreign players are investing in this sector. According to CRISIL's (2015) report awareness and popularity of non-life insurance is increasing in India. According to the report, Motor insurance dominated non-life by 43% followed by health insurance at 25%. Health Insurance sector premium collected has been increased from Rs 3999 cr. in 2006-07 to Rs 19677Cr in 2013-14. Rise in middle class, higher hospitalization cost, expensive healthcare, Digitization, increase in awareness level are some of important factors for the growth of health insurance market. Even in the global scenario, Indian non life insurance sector witnessed 8.1% growth where as growth in global non-life insurance premium market was 3.6% in year 2015. India was ranked 18th among 88 countries. (IRDAI report, 2015-16)

So Health Insurance Sector in India has huge opportunities to be grasped by private sector players as well as foreign health insurance companies. In this paper, an attempt has been made

to analyze the opportunities and threats faced by health insurance sector in India.

1.1. Concept of Insurance

Insurance is a means of protection from financial loss. It is form of risk management primarily used to hedge against the risk of a contingent, uncertain loss. (Wikipedia). Insurance is a legal contract in which insurer got claims against his or her loss. Life insurance, Auto Insurance, health Insurance, Marine insurance, Fire-insurance is types of insurance.

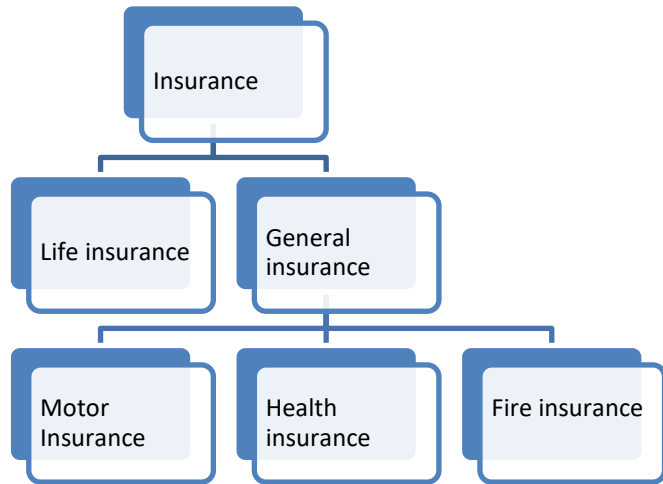


Figure 1 Type of Insurance

1.2. Concept of health insurance

Health insurance in a narrow sense would be ‘an individual or group purchasing health care coverage in advance by paying a fee called premium.’ In its broader sense ,it would be any arrangement that helps to defer ,delay ,reduce or altogether avoid payment for health care incurred by individuals and household (Akila,2013). Health Insurance covers medical expenses. It covers expenses like hospitalization, all other expenses related to treatment of the disease.

1.3. Health sector and its financing

India’s healthcare sector is growing at very low pace .Spending on health care in India was an estimated 5% of GDP in 2013 and is almost same through 2016. Total health care spending in local currency terms is projected to rise at annual rate of over 12 % , from an estimated \$96.3 billion in 2013 to \$195.7 billion in 2018.While this rapid growth rate will reflect high inflation, it will also be driven by increasing public and private expenditure on health (Dhawan & Deloitte, 2015). Since good doctors are in urban area rather than poor area. Indian govt. is spending less on health care sector. Whereas good hospitals and There is tremendous increase in health care cost, increasing burden of new disease and health risk, neglect of preventive and primary care due to underfunding of government health care (Mavalankar & Bhat,

2000). For better treatments people prefer private hospitals .Treatments in these hospitals are very expensive. Government sector and private sector always tries to deliver quality health care to employees and health insurance is the best solution for this.

1.4. Present scenario of Health Insurance

Health Insurance is an emerging service sector in India. In India, penetration of health insurance has been low, person covered under any health insurance scheme is 14.1% in rural areas and 18.1% in urban areas of India’s population is covered in which Govt’s employees sharing the major part. At present picture 52 insurance companies are operating out of which 24 in Life and 28 companies in non-life insurance segment .Non-life insurance sector in India are dominated by motor insurance with market share 43%, followed by health insurance (25%).More than 80% of the population is un-insured which provide great scope and potential for health insurance market (Jain & Lashkari, 2016). The general insurance industry recorded a 12% growth in Gross Direct Premium underwritten in April 2016 at Rs 105.25 billion. About 24% of India’s population has been covered who has undergone the health insurance policies in 2014-15. The health Insurance segment in the country is witness of continuous and steady growth due to increasing healthcare costs and increasing penetration levels with total premium collection growing 15% in 2014-15 year on year. During 2014-15 the gross health insurance premium collected by non-life insurance companies was 20,096 cr. compared with Rs 17,495 cr. in 2013-14, recording an increase of 14.87% (IRDAI). In 2015-16, stand alone health insurers collected close to Rs 60,000crore, recording a 41% growth over the previous fiscal. All Stand alone insurers recorded a health double digit growth last fiscal. Demand for insurance products may rise as people’s preference shifts from formal investment products post demonetization .Study by ASSOCHAM (2013) found that health insurance premium may cross Rs 32,000 by 2016-17.

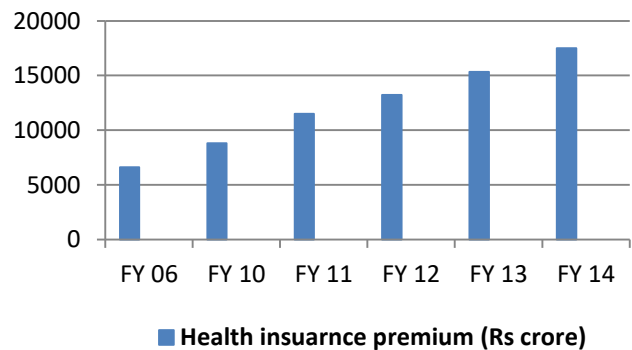


Figure 2 Health Insurance Premium

According to latest annual report of IRDAI (Insurance Regulatory & Development Authority of India) .

The Insurance penetration has started its journey can be seen from the fact that it has been increased from 3.3% in 2014 to 3.44% in 2015 on the back of various insurance schemes launched by the government .The number of lives covered under Health Insurance policies during 2015-16 was 36Crore which is approximately 30% of India’s total population .The number has seen an increase every subsequent year (ASSOCHAM 2015).

The four public sector general insurance companies – New India , United India , Oriental and National insurance accounted a major share of health Insurance premium at 64% of Total health segment followed by private sector (22%) ,Stand alone health insurance contributed 14%(IRDA annual report). So India has a vast scope of expansion for health Insurance.

1.5 Major Players in Health Insurance Industry

Insurance players can be divided in three main types:

- **Public Sector Providers (Government):** Major Premium underwritten in health insurance is from public sector players. Major public sector players are New India Assurance, United India Insurance, National Insurance, Oriental Insurance etc. Government also provides health insurance schemes for the population. For example RSBY, AABY etc.
- **Private Sector Providers:** Private sector health insurance is held by four big players i.e. ICICI-Lombard, Bajaj-Allianz, HDFC-ERGO, Reliance-General-Insurance and some other are IFFCO TOKIO, Royal Sundram, TATA-AIG, Bharti-AXA, Cholamandalam etc.
- **Stand alone Providers :** As per IRDAI report, there are five private sector insures are registered to underwrite health insurance polices.Companies are Star health , Allied Insurance, Apollo Munich, Max Bupa , Religare and Cigna TTK health insurance company Ltd.

Table 1. Number of Persons Covered Under Health Insurance (in Lakhs)

Class of business	2011-12	2012-13	2013-14	2014-15	2015-16
Govt sponsored Schemes	1612 (76%)	1494 (72%)	1553 (72%)	2143 (74%)	2733 (76%)
Group (other than Govt)	300 (14%)	343 (17%)	337 (15%)	483 (17%)	570 (16%)
Individual	206 (10%)	236 (11%)	272 (13%)	254 (9%)	287 (8%)
Total	2118	2073	2162	2880	3590

(Source: IRDAI report)

Above table shows that population is invested in Govt. sponsored schemes and it shows increasing trend of Health

Insurance sector as the number of person covered are increasing over the years.

1.6. Types of Health Insurance

There are different type of health insurance Schemes in India. Some are government provided; some are based on private funding, whereas some are provided by NGOs. So broadly health insurance is classified as follows:

- Government Health insurance schemes
- Market based Insurance
- Employer provided insurance schemes
- NGO- cooperative Based

All insurance companies provide different insurance plans like family floaters, senior citizen, critical illness and maternity insurance etc.

Market share of Health Insurance

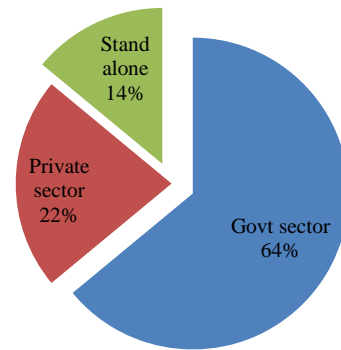


Figure 3 Market share of Health Insurance

Table 3 Insurance schemes provided by the different Organizations

Schemes	type
Government health insurance schemes	Rashtiya Swasthiya Bima Yojana(RSBY), Employment State Insurance Scheme(ESIS),Central Government Health Scheme (CGHS), Aam Aadmi Bima Yojana (AABY), Jan Shree Bima Yojana(JBY), Universal Health insurance Scheme(UHIS)
Market Based Insurance(Private/Voluntary)	Mediclaim
Employer provided insurance schemes	Several Government and Private Employers run their own health services for employees and families. Example: Armed forces and railways.
NGO – cooperative based	SEWA in Gujrat, ACCORD in Nilgiris, Tribhuvandas

II. SCOPE FOR RESEARCH

In health insurance sector there is immense opportunity because of the gap between health care spending which is covered by health insurance. Health insurance is on rise because of change in lifestyle, lifestyle diseases, rising of

educated people and middle class. So the growth and the scope are immense in this sector.

2.1. Objectives

- To study the present trends in Health Insurance sector in India
- To analyze the growth opportunities in the sector.
- To identify the challenges in health Insurance sector.

2.2. Research Methodology

The present study is descriptive in nature will be mainly based on Secondary data like Internet search, books, journals, reports, articles written by Insurance personnel.

III. REVIEW OF LITERATURE

An attempt is made to review the previous literatures regarding the health insurance.

A study conducted by **Aggarwal et al. (2013)** studied Innovations and challenges of health insurance sector. According to the study product development and innovation both are very important for new customers and existing customers. In his studies **Akila (2013)** reported that health insurance sector has the greatest potential in India and the penetration to be exercised faster by means of various marketing activities like micro finance, extensive coverage of ailments, Improving the reimbursement machinery, encouraging Individual policy holders and service agents etc. Increasing health care cost, growing awareness about Health Insurance, community based new groups and new policy adopted by the government are some opportunities for health insurance market. A study conducted by **Garg (2013)** emphasized that respondents are satisfied with private sector insurance companies than the public sector. Main factor identified for satisfaction of the respondents are claim settlement, sales force, time taken for the policy issuance, compliant handling mechanism. A Study conducted by **Deloitte (2015)** on "healthcare outlook India" estimated that spending on health care in India was 5% of GDP in 2013 and is expected to remain level. Government's low spending on health care is burdening the patients and their families. Healthcare sector in India is facing several problems like lack of proper infrastructure, shortage of medical staff. Health insurance sector are providing different plans for poor and employees for better accessibility of health care. **Gill & Kansra (2014)** in their research paper studied trends and challenges observed that claim paid percentage had risen than premium percentage which are biggest challenge and they found the prospects of health insurance industry seems bright. Opportunities conclude by them are rise in medical cost, specialized treatment become frequent due to the rise in income pattern, low public expenditure on health and family welfare. A Study conducted by **Itumalla et al. (2016)** emphasized on the present health insurance scenario and issues and challenges facing by health insurance sector in

India. The study shows that private sector non life insurers contribute 26 % of gross health insurance premium and 12% contributed by stand alone health insurance. Health insurance sector are facing some challenges which has low awareness levels, problem with staff, claim settlement and claim processing issues. Lack of affordability and distribution channels are more issues with health insurance sector. In his studies **Subramanya (2014)** studied the trends in health insurance in India. Increase in population, expanding middle class, increasing awareness and lifestyle diseases, tax benefits are some of the factors leads to increase in health insurance demand. According to the study some challenges for survival and growth of health insurance are to provide health insurance benefits to BPL families or they have to increase the coverage and have to provide the cost benefits. So this sector has long way to go. **Reddy V. K. (2016)** in his study found Lack of awareness, Lack of cooperation and coordination with providers, uncertainty in product development are some of the factors which frustrate growth in private sector health insurance in India. A study done by **Shetty (2014)** in his article that expansion of health sector will leads to increase in health Insurance sector. Government are not able to provide quality of health care and private healthcare are not affordable for majority of population. According to future models for health care that for better quality services, increase in life expectancy, increased income all will lead to increase the demand for health insurance. **Devi et al. (2015)** highlighted the problems of health insurance sector. According to them, problem exists with every stakeholder like TPA make delay in claims, Insurance companies have high claim paid out ratio, consumers are less aware about health insurance basic terms and hospitals charge more expenses from insured patients.

IV. OPPORTUNITIES IN HEALTH INSURANCE SECTOR

Health insurance sector has immense opportunities as this sector maintained double digit growth last fiscal year. Health Insurance has been witnessing a rapid expansion and has significant growth potential for future as well. While multiple factors drive this growth, innovation in health insurance products would be a significant factor (IRDAI annual report). New Products, new services, new distribution channels leads to the innovation in this sector. Companies are working on all these perspectives. Following are the opportunities which are giving boost to health insurance Market:

4.1. High Potential Market:

Potential for health insurance market is very high. Health insurance market is growing at a compound annual growth rate of 25% and is on a consistent rise. In India out of pocket expenditure are very high as compare to other countries. According to WHO 60% of total health expenditure in India was paid by common man from his pocket.

Here people are not accepting health Insurance as financial tool. They think health Insurance is only for medical

emergencies. Majority of people opted Employer provided Schemes only. But from past few year premium of health increasing as people realized the importance of having health insurance due to rising cost of medicines and treatment.

Table 3 Trend in health insurance premium over past five years (Crore)

Sectors	2011-12	2012-13	2013-14	2014-15	2015-16
Public sector general insurers	8015 (61%)	9580 (62%)	10841 (62%)	12882 (64%)	15591 (64%)
Private sector General insurance	3445 (27%)	4205 (27%)	4482 (26%)	4386 (22%)	4911 (20%)
Stand alone health insurers	1609 (12%)	1668 (11%)	2172 (12%)	2828 (14%)	3946 (16%)
Industry total	13,069	15,453	17,495	20,096	24,448
Annual Growth Rate (%)	18.5%	18.2%	13.2%	14.9%	21.7%

Source: IRDAI report 2015-16

According to the report, Premium collected during 2015-16 is 24,448 as compare to 20,096 in 2014-15. It shows the growth from 14.9% to 21.7% which clearly shows that health insurance market has maintained double digit growth. ICICI Lombard estimates that the total premium collection in health insurance segment is likely to touch Rs 60,000Crore by 2020. Potential for the companies in this market is very high.

Country's per capita income is also increasing, in real terms; growth rate is seen at 6.2% for 2015-16 against 5.8% in 2014-15. With increase in income people are looking for more investment opportunities and people with high incomes easily afford the health insurance benefits.

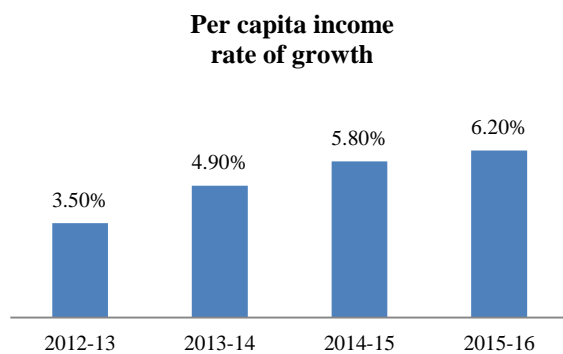


Figure 4 Growth Rate of Per capita income in India (Source: PIB)

Health care cost is also rising. Due to Use of new technologies and drugs are giving rise to health care cost. An example of appropriate but costly treatment is the use of fibrinolysis or angioplasty to treat an MI. Life style diseases are also increasing due to sedentary Life style. India is told as the diabetes capital of the world. 50 million people suffering from

type 2 diabetes. These numbers are alarming .Like diabetes other lifestyle disease like obesity and blood glucose etc are also on rise. Health Insurance is the best option to meet these health care needs. Health insurance protects against unexpected cost. Insurance companies with the help of new Schemes are more coverage of diseases making market very attractive to the customers. Companies are now forced to give more benefits in low prices as more people are getting more aware and people are going for sophisticated plans.

4.2. Two A's Awareness, Accessibility

Awareness level of consumers is increasing day by day. Social Media is playing vital role in it. Health Insurance companies are giving advertisements on social media. Companies are giving more advertisements and that kind of ad which stick in consumer's mind. For example: A wife is not allowing his husband to eat "Gulab Jamun" because of diabetes. These kind of ads motivate consumers to buy health Insurance Companies are doing health Insurance awareness campaigns to inform the customer the need of health insurance. For example: companies started selling insurance in the parks to morning walkers .Max Bupa drive a campaign " walk for health" etc. Star health took an innovative approach on "World Diabetics Day" in Kerala by holding a Rally. Along social media people are getting awareness from friends and family also.

Private players and government both are trying to reach the rural markets and remote areas with their affordable products. Companies are making their product cost effective to attract them For example: Bajaj Alliance planning to come up with 4000 virtual offices in the country in next three to four years for providing health insurance solutions. Health insurance companies also ting up with the banks which already had their branches in remote areas to provide health Insurance. In one more example TATA AIG insurance companies have different plan for rural population.

4.3. Product Innovation.

With product innovation insurance provides making way for improved healthcare conditions for people .Now a days, Companies not only taking care of financial concerns in the time of health emergency, but also give access to routine and preventive healthcare elements which might have been out of bounds earlier. In addition to that, in times of crisis insurer is eligible for benefits such as transportation of family member, purchase blood, disability allowance. Today we have treatment like auyurveda, homoeopathy, physiotherapy, outpatient expenses etc being covered under the retail mediclaim policy which was not available in the market two-three years ago. Now a day in product Innovation, Adventure sports and cover against terrorist activities has been provided by the companies such as HDFC ERGO already started Ayurvedic treatment expenses in coverage.

In Product Innovation Apollo Munich health Insurance introduced 'Dengue care plan' this got award in FICCI Awards 2016. These kind of product innovations are giving health insurance a boost

In 2016, the Insurance Regulatory Development Authority introduced several regulatory changes to health insurance. Such regulations have the potential to change the way products have been traditionally covered. So more customized policies, disease – specific products, micro insurance product, focused coverage etc are on the cards for coming years.

4.4 Quality and value added services (Service Innovation)

With product Innovation companies are doing value addition to their products and also offering wellness programme. Now health insurance is moving towards health care. In coming years, health insurance executives will be there for helping customers deal with lifestyle diseases and reduce their out of pocket spending towards healthcare. Today companies are already offering value addition services such as discount on OPD & IPD treatments, Pharmacies, health checkups, eye dental checkups etc. They are focusing to offer their customers various wellness services for example – Discount at Spas, wellness treatment, Yoga, Gym etc.

For Instance : PNB MetLife recently launched 'Health Connect' for a select customer base, offering discounted health packages, medical second opinion tie up, a 24 hour doctor on call facility and a wellness package.

Apollo Munich, a joint venture between the Apollo group of Hospitals and Munich health, is one such provider of add on services and there is no extra cost involved in these activities. Apollo Munich provides cashless hospitalization for network hospitals in India.

4.5 Health insurance portability

This seems to be a big opportunity in health insurance sector as a regulation set by IRDA in this Policyholder can switch from one insurer to another insurer or one plan to other plan. In this if a customer is dissatisfied from his or her existing health insurance product can switch to other companies innovative product. Lack of customer awareness, Lack of Interest of insurance agents and its complex nature it is not much popular (Yadav & Mohania, 2014). This can be tapped by giving full knowledge about this option to the consumers.

4.6 Rising Middle class

According to NCAER, India's middle class population was 267 million in 2016 and by 2025 the number may likely to double. This class is educated and Internet savvy. Consumption of services is also rising with the rising number of middle class. Even household savings have been tripled.

Rise in Middle class

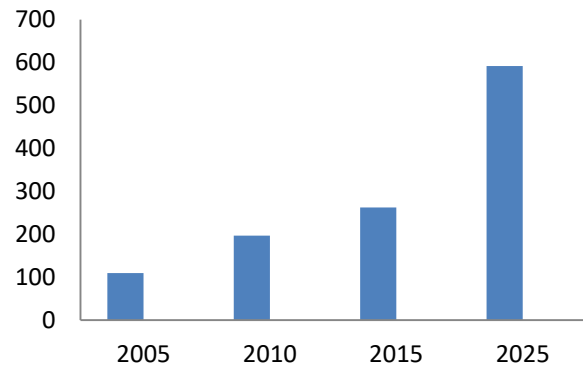


Figure 5 Rise in Middle Class (Source: NCAER)

4.7. Increase in Literacy rate/ Health Literacy

India's literacy rate is at 74.04% and it is increasing day by day. As the literacy rate is increasing people are getting more concerned about their health issues and are getting aware with new developments and innovations in Insurance sector. Population has greater access of information means such as Internet. These means are helping people to get any kind of information for the products.

On the other hand, health literacy is the ability to obtain, read, understand and use health care information to make appropriate health decisions and follow instruction for treatment (Wikipedia)

4.8. Increasing demand for quality health care

As population is getting highly educated, more health conscious their demand for better and quality health care is increasing. Private hospitals are growing and are providing services as five star hotels. So with these kinds of services health care sector are booming and helping insurance sector to grasp this opportunity. With all kind of quality services health care are becoming expensive so consumers started taking health insurance.

4.9. Digitization

Consumer has shifted in last 15 years with Technology, Internet. Things are changing rapidly. Policy holder's experience of using product can be enhanced using digital & mobile platforms. Instant claim approval and preventive healthcare through Internet and mobiles apps are already happening. Mobile based Technology empowers the insurance company to reach out maximum number of customers. 70% of health insurance companies have published only one or two apps. The health insurance segment will be driven by technology, customized products and services beyond insurance.

Example Star Health Insurance Company has application for the customers.

Policy bazaar.com are some companies which are giving platform to buy and sell insurance of different companies or even can compare the prices of insurance companies.

4.10. Government Initiative

Government both central and state are playing important role in insurance sector. Government coming up with new policies and schemes for poor section of society for example: Recently Haryana government has launched National health Insurance Scheme under which Insurance cover would be provided to vendors, waste pickers and domestic workers in the state. Like Haryana other state Governments are taking initiatives in this sector. Many schemes Rashtiya Swasthiya Bima Yojana (RSBY), Aam Aadmi Bima Yojan (AABY), Employment State insurance scheme (ESIS), Universal health insurance Scheme (UHS) are providing by government for people of nation.

These are all opportunities which are giving boost to health insurance sector. For health insurance sector there is long way to go. To reach out the maximum number of customers Companies the products have to innovate.

V. ISSUES & CHALLENGES OF HEALTH INSURANCE

5.1. Less effective Distribution channels

Main distribution of health insurance has been done by sales force, sales agent, TPAs. Most of the sales agents are not more educated and even having lack of proper product knowledge, is the biggest hurdle in sales of health insurance. Sales agents are non responsive or non cooperative this causes many issues with insurance companies. This is the major challenge for insurance companies to convince the customers.

5.2. High Incurred Claim Ratio

Incurred claim ratio (ICR) is a ratio of the total value of claims paid or settled to the total premium collected in given year. For example: Insurance company settled the total claim amount of Rs 80Crore in the year 2015-16 .In the same year, it is collected Rs 100 Crore as a total premium. In this situation, the incurred ratio stands to be 80%.

According to IRDA, ICR of Public sector insurance companies were more than 100% from past few years. On the other hand, private sector and stand alone insurers were 60 % and 40% respectively (shown in chart).

It shows less ICR shows that company is in profit but rejecting claims only on the grounds to profit will not work out for any company. For profit making companies can't deny claims. Increase in ICR or high ICR threat for health insurance companies. This effects the growth of insurance companies.

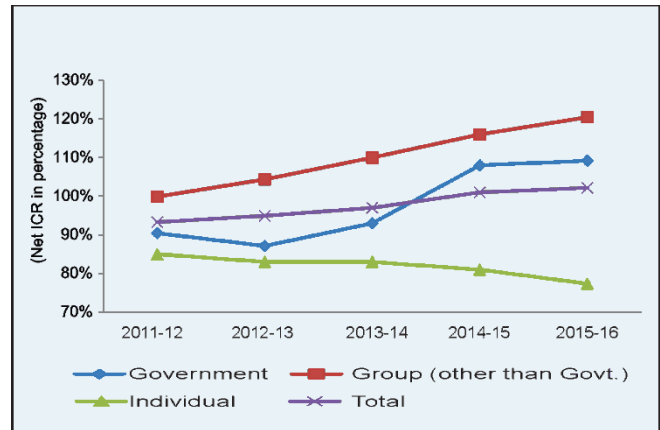


Figure 5 Incurred claim Ratios (Source: IRDAI report 2015-16)

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5.3. Claim Settlement Issues

Generally, it is very difficult for the consumers to claim settlement from the Companies. Terms and condition usually not clear with the clients so they make false claims. Companies are unable to fulfill that claim which leads to problems with customers .Sometime companies denied the claims without any specified reason. There is no any specific system to check the status of claims.

5.4. Rising cost

Cost of Insurance products and premium are rising which is major challenge. As people plan for their other expenses they generally don't plan for their health contingencies which gave them extra burden on their pockets. They found the cost and premium they pay are generally high .so this became the challenge with insurance companies. As per new regulations car, motorcycle and health insurance will cost more from April 1,2017. The change in premium due to new regulation should be "limited to +/- 5% of existing premium rates of product.

5.5. Lack of reliable infrastructure

Insurance companies are having the biggest challenge of lack of infrastructure. As companies are unable to understand consumer profile thoroughly, consumers generally hide small diseases which lead to wrong premium calculations. Disease pattern are not clear which lead to wrong premium decisions and also results in rejection of claims. Customers with pre-existing illness treated as high-risk customer, thus the insurer increases the premium as additional cost that may rise due to pre existing illness. In this scenario to avoid high premium

customers generally avoid providing full information which leads to rise in loss of companies.

5.6. Policy related issues

Generally there is delay in issuance of policy .Formalities and documentations are excessive. Number of Terms are conditions are in the policy document is difficult to understand by a layman. Because of this common man avoid buying policies.

5.7. Changing needs of customers

In today's world customers are well educative and well informed about the market. Technology has given wisdom to the client for instance customer can compare the plans of different insurance companies within 5 minutes .Health insurance is a customer centric industry. If customer is not satisfied with the policy and services of the company, he might switch over to other companies. With more Choices, complexity and increasing uncertainty the customers is confused and his peace of mind. For this insurance companies have to more equipped for fulfillment the need of customers and companies have to provide customer specific products to fulfill their demand.

5.8. Competition from foreign Players

The opening up of the economy private and foreign players has entered in the market space. All this provides tough competition for each other. Some companies are adopting different marketing strategies to attract customers. All are trying to make new customers and retain existing customers.

5.9. Lack of transparency in customer Grievance Management System

This is the biggest challenge for the insurance companies. Consumers are the king of service industry. Companies don't have proper grievance management system. This kind of system should be more transparent to make customers satisfy with the companies services.

Health insurance companies also face other challenges such as increase in the list of empanelled hospitals, need new plans for senior citizen, limited government support, quality services etc.

VI. RECOMMENDATIONS

- The Indian Health Insurance is a growing sector. For companies to enhance their insurance business and customer base must opt to new business models with innovations. Innovative products and services should be used by companies to increase their revenues also.
- In India, there is need of universal health insurance program with the intention to enhance people's access of health care especially for families below the poverty Line.

- Medical tourism is also on rise, companies have to maximize their services to cater the need of customers.
- Health Insurers have to create consumer trust. Company can offer individual plans, coverage and premiums are based on individual personal profile and health history.
- Biggest opportunities lie in Innovative products, Innovative services, Innovative Distribution channels and trained workforce. Quality service and cost control and to meet the customer need are the keys for bright future.
- On the other hand, Health Insurance sector is struggling with high claim ratios, insufficient data on health insurance, claim settlement and disease pattern. Mainly the relationships of employees with customers do their mindset. To overcome this problem, companies should have some common information Bank. Information may help them in assessing the prices, quality and services etc.

Government should also help to promote the health insurance business. Health insurance sector has long way to go.

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