



FEATURED INSIGHTS

DELIVERING CONSUMER CLARITY







UNDERSTANDING THE HEALTH INSURANCE MARKET

**A CLOSE LOOK AT FACTORS THAT INFLUENCE
THE PURCHASE OF HEALTH INSURANCE
POLICIES**

- **HEALTH INSURANCE PENETRATION IS HIGHER AMONG AFFLUENT SEGMENTS, IN METROS AND IN THE WEST ZONE**
- **ONLINE PURCHASE OF HEALTH INSURANCE POLICIES IS HIGHER THAN EVEN A HIGHLY PENETRATED CATEGORY LIKE LIFE INSURANCE**
- **QUICK CLAIM SETTLEMENT AND AGENT KNOWLEDGE OF THE PRODUCT ARE KEY FACTORS DRIVING CONSUMERS' CHOICE OF HEALTH INSURANCE BRANDS**

As the economy struggles to get to its feet in the aftermath of the economic slowdown, consumer confidence in India remains weak.

This fear of an under-performing economy and rise in prices often leads to a shift in consumer focus towards savings. Similarly, budgets are cut and spending is restricted to elementary needs such as health care, which is one of the top five concerns that consumers say affect household budgets.

PRICE RISE WILL AFFECT BUDGET		ALL BASE : 1664
 Food & Beverages		72
 Transport		69
 Utilities (Electricity, Gas Supply, Water etc.)		63
 Children Education		62
 Healthcare (Medicine, Doctor Fees, Reports etc.)		53
 Household Products (Toiletries, Kitchenware etc.)		49

Source: Nielsen

Fear of poor service (53%) and not getting the claim amount (50%) prevents a majority of people from seeking health insurance. Instead, they keep money in their savings accounts for medical emergencies.

However, health insurance policies are sources of confidence for consumers who feel that they protect them from any unforeseen financial hardship.

THE FEAR OF POOR SERVICE AND NOT GETTING THE CLAIM AMOUNT PREVENTS A MAJORITY OF PEOPLE FROM TAKING A HEALTH INSURANCE POLICY.

ROOM FOR GROWTH

Health insurance is a category that has a lot of potential to grow as it is still at a nascent stage. Brand recall is lowest for the health insurance category when compared to other, more highly penetrated categories such as life and motor insurance.

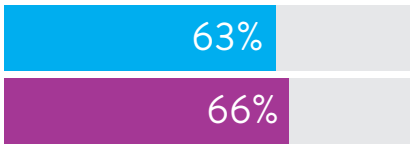
	HEALTH INSURANCE	MOTOR INSURANCE	LIFE INSURANCE
No. of brands aware (Spontaneous)	4	5	6
No. of brands aware (Total)	8	11	19

Source: Nielsen Syndicated Survey

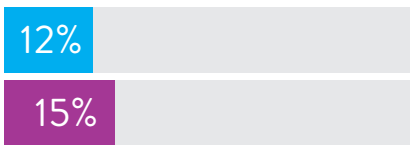
In spite of this, health insurance penetration and consumers' intention to purchase have increased in the past three years.

CURRENT FINANCIAL PRODUCT OWNERSHIP

LIFE INSURANCE

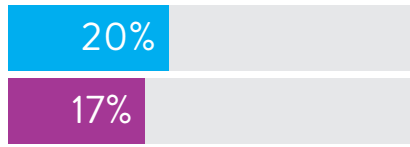


HEALTH INSURANCE

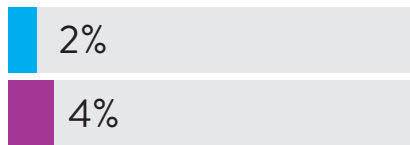


INTENTION TO INVEST IN FINANCIAL PRODUCTS

LIFE INSURANCE



HEALTH INSURANCE



● 2010
● 2013

Base (2013): 6742, Base (2010): 6492

Source: Nielsen

GO-TO MARKETS AND SEGMENTS

Intention to purchase health insurance is higher among consumers in the metros, west region and SEC B. Brands should focus their efforts to reach consumers in these markets.

HEALTH INSURANCE	TOTAL	METROS	NON METROS	NORTH	SOUTH	WEST	EAST	SEC A	SEC B	SEC C
Base: All Respondents	6742	3849	2893	1333	2150	2091	1168	2184	2719	1839
Penetration	15	19	9	9	10	23	13	19	13	11
Intention	4	5	3	4	3	6	2	4	5	4

Source: Nielsen

We also found that health insurance penetration is higher among people who already have life insurance policies.

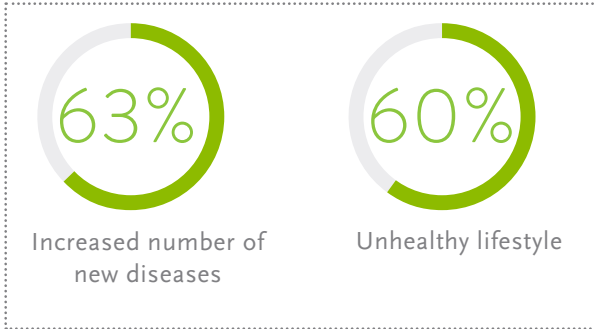
HEALTH INSURANCE	OVERALL	LI POLICY HOLDERS	LI NON POLICY HOLDERS
Base: All Respondents	6742	4389	2353
Penetration	15	19	6

Source: Nielsen

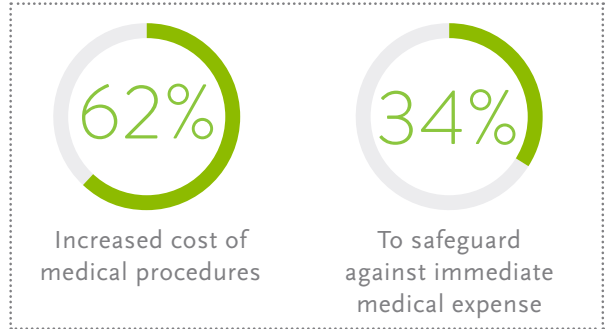
TRIGGERS AND PREFERRED FEATURES

The two major triggers for consumers to consider getting health insurance are increasing incidence of new and fatal diseases and rising health care costs.

HEALTH CONCERNS

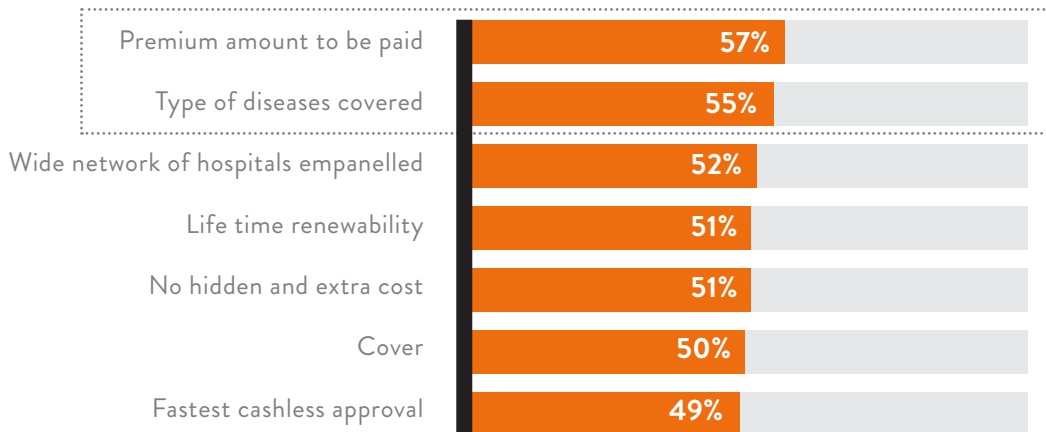


COST CONCERNS



Source: Nielsen

Premium to be paid on the policy and coverage of diseases is what consumers look for in a policy. Consumers don't want to be surprised at the time of making the claim



Source: Nielsen

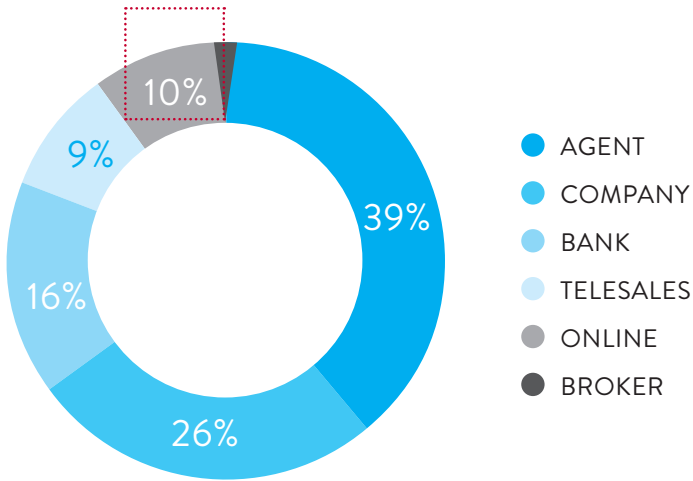
Wide network of hospitals also matter to consumers. In addition, they seem wary of policies containing too many terms and conditions.

CHANNELS OF PURCHASE

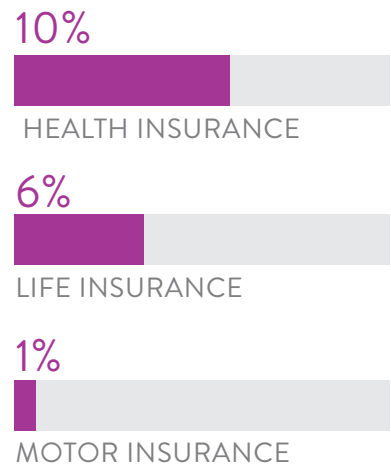
Apart from traditional purchase channels such as agents, companies and banks, more and more health insurance consumers are buying policies online. In fact, more consumers purchase health insurance than a highly penetrated category like life insurance.

ONLINE PURCHASE OF HEALTH INSURANCE IS HIGHER THAN FOR LIFE INSURANCE, A HIGHLY PENETRATED CATEGORY.

BASE 1064



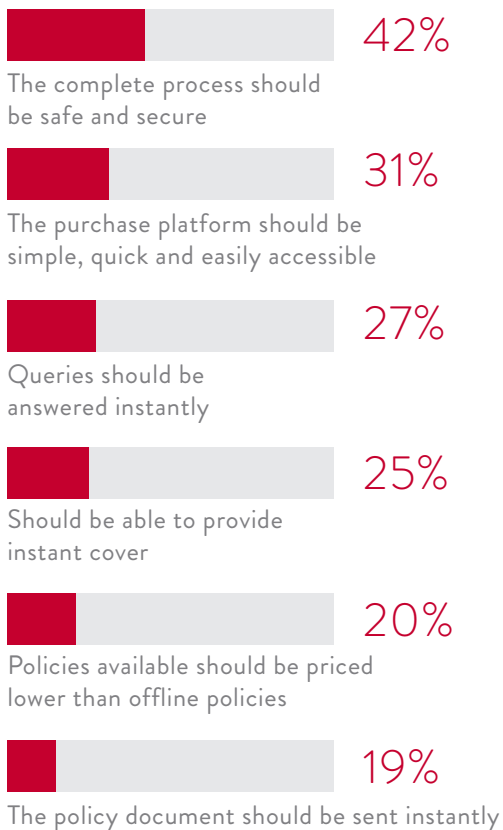
● ONLINE PURCHASE (%)



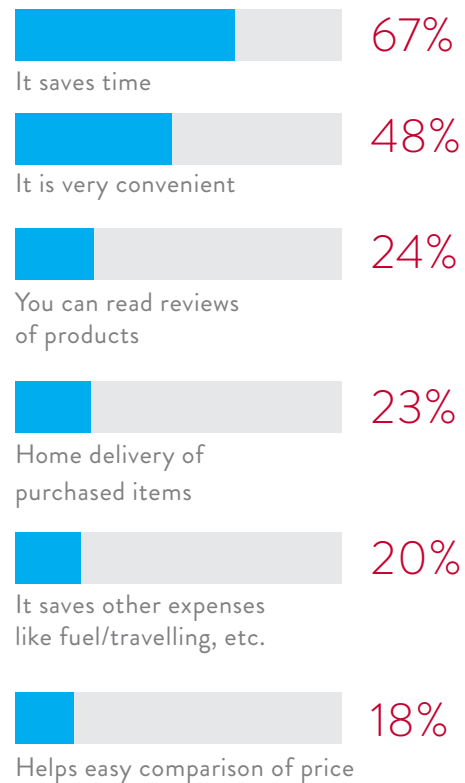
Source: Nielsen

Consumers mentioned saving on time and convenience are the biggest advantages of buying health insurance policies on the Internet. This preference for buying online presents an opportunity for companies to enhance the appeal of their health insurance by improving their digital presence to meet consumer expectations for online purchases.

EXPECTATIONS WHEN PURCHASING ONLINE PRODUCTS (FIGURES IN PERCENTAGES)



ADVANTAGES AS PERCEIVED BY ONLINE HI BUYERS OF PURCHASING PRODUCTS ONLINE



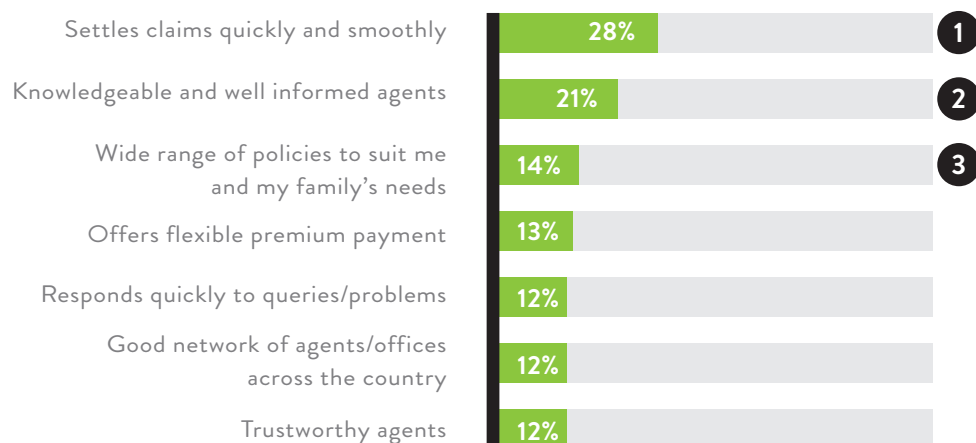
Source: Nielsen

WHAT DRIVES THE CATEGORY

Unlike life insurance, which is driven by awareness, perception drives health insurance policy purchases. In health insurance, brand image plays a critical role in differentiating between players. Consumers believe that they are more likely to go through any eventuality covered by health insurance compared with life insurance.

When evaluating health insurance providers, the key factors consumers look for are quick claims settlement and agent knowledge. Therefore, positive experience can affect purchases and renewals with health insurance providers.

FOCUSING ON SAFETY AND SIMPLICITY WILL GET MORE PEOPLE TO BUY POLICIES ONLINE AND ALSO LEAD TO REPEAT PURCHASES.



Source: Nielsen

Consumers' maximum interaction with the company happens at the time of claims. Hence, easy and quick settlement is an important driver. In fact, satisfaction with the overall claims experience is higher among those who have renewed their policy.



Source: Nielsen

Health insurance policies are the kind of cushion against financial troubles that consumers are increasingly on the look-out for. To buy such policies, consumers are turning to the Internet in large numbers, presenting an opportunity for companies in the sector. However, positive experiences while dealing with the company is essential to encourage sales and renewals.

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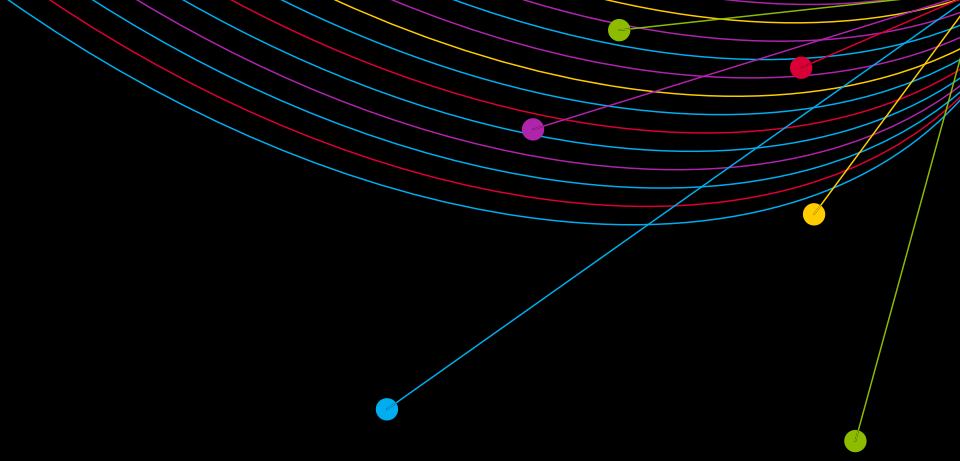
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