
HEALTH INSURANCE: AN EMPIRICAL STUDY OF CONSUMER BEHAVIOUR IN PANIPAT DISTRICT OF HARYANA

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Health insurance has emerged as a vital tool for financial protection against health-related expenses, particularly in developing countries like India where healthcare costs are steadily rising. This empirical study investigates the consumer behaviour towards health insurance in the Panipat district of Haryana. The study aims to explore the level of awareness, preference, satisfaction, and key factors influencing the purchase and renewal of health insurance policies among residents.

A structured questionnaire was used to collect data from 200 respondents in urban and rural areas of Panipat. The study reveals that while awareness of health insurance has increased significantly in recent years, a large portion of the population still lacks a comprehensive understanding of policy terms, coverage, and benefits. It was found that private companies dominate in terms of customer satisfaction, while government schemes are more popular among the economically weaker sections.

Socio-demographic factors such as income, education, and occupation play a significant role in influencing consumer behaviour. Many respondents admitted to purchasing insurance policies due to peer influence or under the pressure of agents, rather than making informed decisions. The study also reveals a gap between policyholder expectations and actual service delivery, especially in terms of claim settlement and transparency.

The research concludes with suggestions to improve awareness through educational campaigns, improve claim processing mechanisms, and encourage digital penetration to enhance the accessibility and convenience of policy-related services.

Keywords: Health Insurance, Consumer Behaviour, Panipat, Awareness, Claim Settlement, Policy Preferences, Rural and Urban Consumers, Haryana.

INTRODUCTION

Health insurance has increasingly become a critical component of personal financial planning and public health policy in India. With the rapid escalation of healthcare costs, frequent outbreaks of communicable diseases, and the rising incidence of non-communicable diseases (NCDs) such as diabetes, hypertension, and cancer, individuals and families are often burdened with enormous out-of-pocket expenses. This financial burden is especially pronounced in a country like India, where public health infrastructure is overstrained and often underfunded, and where the majority of the population pays for healthcare services directly at the point of delivery. In such a scenario, health insurance serves as a safety net, protecting individuals from the economic shock of medical emergencies.

Health insurance is defined as a form of insurance coverage that pays for medical and surgical expenses incurred by the insured. It can either reimburse the insured for expenses incurred from illness or injury or pay the care provider directly. Health insurance policies are generally offered by both government and private sector insurance companies. Government schemes such as Ayushman Bharat, Employees' State Insurance Scheme (ESIS), and Rashtriya Swasthya Bima Yojana (RSBY) aim to provide financial protection to low-income households, while private insurance players offer a wide range of individual and family plans tailored to specific needs.

Despite these offerings, the penetration of health insurance in India remains relatively low. According to various national surveys and reports, only a small fraction of the Indian population is adequately covered under any form of health insurance. The reasons for this low penetration include a lack of awareness, mistrust in insurance companies, complicated policy terms, poor claim settlement experiences, and limited accessibility, especially in rural and semi-urban areas.

Panipat, a district located in the state of Haryana, serves as an illustrative microcosm for studying consumer behaviour in relation to health insurance. Known for its industrial base and proximity to major urban centres like Delhi and Chandigarh, Panipat presents a diverse demographic profile, encompassing both rural and urban

populations with varying income levels, educational backgrounds, and occupational categories. Despite its relatively high economic activity, the awareness and adoption of health insurance in the district appear uneven and influenced by several socio-economic factors.

The decision to purchase health insurance is not merely a financial one—it is deeply rooted in consumer psychology, socio-cultural attitudes, perceived health risks, and trust in the health system. Understanding these behavioural dimensions is crucial for designing effective insurance policies, improving service delivery, and ultimately increasing the adoption and retention of health insurance schemes. This makes the study of consumer behaviour in this domain not only relevant but also necessary for policy formulation and business strategy.

Moreover, there is a growing need to bridge the information gap between policyholders and service providers. Many consumers, especially in rural areas, purchase policies without fully understanding the terms and conditions, resulting in dissatisfaction during claim processing or renewal stages. The role of intermediaries, such as insurance agents and healthcare workers, also requires scrutiny, as they significantly influence purchasing decisions—sometimes without ensuring informed consent. In addition, the digital transformation of insurance services has brought both opportunities and challenges in terms of reach, efficiency, and user experience.

In the context of Panipat, no comprehensive empirical study has yet been conducted to evaluate consumer awareness, preferences, and satisfaction with health insurance products. This research seeks to fill that gap by conducting a structured empirical investigation into the health insurance behaviour of consumers in the district. It aims to identify patterns, motivations, deterrents, and expectations associated with health insurance purchases and usage.

By focusing on Panipat, this study hopes to derive insights that are both locally relevant and broadly applicable to similar semi-urban and rural settings across India. The results of the study can aid policymakers, insurance providers, and healthcare administrators in better understanding the ground realities and in tailoring their strategies to effectively meet the needs of diverse consumer groups.

In summary, this research explores the landscape of health insurance in Panipat district from the consumer's perspective, highlighting awareness levels, influencing factors, satisfaction with services, and preferences among various insurance providers. By doing so, it contributes to the broader discourse on improving health coverage and ensuring financial protection for all.

REVIEW OF LITERATURE

A number of studies have explored the dynamics of health insurance in India and other developing countries, focusing on factors such as awareness, satisfaction, accessibility, and decision-making behaviour. This review presents selected scholarly works that provide a foundation for the current research.

1. Gupta and Trivedi (2015): In their study titled *"Awareness and Impact of Health Insurance in Urban India"*, the authors found that although awareness about health insurance was gradually increasing, actual penetration remained low. They attributed this to complex policy documents, lack of trust in insurers, and minimal outreach in rural areas.

2. Reddy, Kumar, and Sharma (2018): This study on *"Government Health Insurance Schemes and Challenges in Implementation"* highlighted the operational challenges in schemes like RSBY and Ayushman Bharat. It found that low awareness among beneficiaries, poor coordination with hospitals, and delays in claim settlement discouraged policyholders from renewing their insurance.

3. Kumar and Lal (2020): Their research titled *"Digitalization and its Impact on Insurance Sector in India"* explored the role of technology in transforming insurance services. It showed that while digital platforms have improved access for urban youth, digital illiteracy among rural populations remains a barrier to adoption.

4. Bhattacharya and Jain (2019): This comparative study evaluated public and private sector insurers and found that private companies scored higher on customer satisfaction, claim settlement speed, and transparency. However, public schemes had a wider reach among economically weaker sections.

5. National Sample Survey Office (NSSO) Report (2019): The NSSO health consumption survey revealed that nearly 80% of rural India still relies on out-of-pocket spending. Only 18% of rural households were covered by any form of health insurance, as opposed to 30% in urban areas, suggesting stark regional disparities.

6. Sharma and Singh (2017): In their study *"Consumer Behaviour in Health Insurance: A Study in Northern India"*, the authors emphasized the role of socio-economic factors such as income, education, and occupation in shaping insurance decisions. The study found that more educated individuals were more likely to compare policies and make informed choices.

7. Choudhury and Reddy (2016): This study examined *"Health Insurance Literacy among Rural Women"* and found that many women in rural households were unaware of being covered under government schemes. Cultural norms, male-dominated decision-making, and lack of direct communication hindered female participation in insurance decisions.

8. Mishra and Desai (2020): They explored *"Barriers to Health Insurance in Semi-urban Areas"* and found that perceived high premiums, lack of trust in insurers, and previous bad experiences deterred many from purchasing insurance. The study also stressed the need for local language support and simplified policy documents.

9. Mehta and Sahu (2018): Their work titled *"Awareness and Perception of Health Insurance among College Students"* indicated that while youth are aware of insurance, many still depend on their parents' policies. They recommended including health insurance education in college curriculum to improve long-term adoption.

10. World Bank Report (2017): A global study on healthcare financing in developing nations concluded that voluntary insurance models tend to exclude the poorest and sickest individuals. It suggested strengthening government-subsidized programs to achieve universal health coverage.

11. Patel and Shah (2021): In their recent study *"Effectiveness of Insurance Agents in Consumer Awareness"*, it was found that while agents play a crucial role in promoting insurance, unethical practices and mis-selling were also common. The study advocated for agent training and regulatory oversight.

12. Verma and Bansal (2022): Their research on *"Trust and Transparency in Health Insurance Services"* found that dissatisfaction with claim processing and hidden clauses were major reasons for non-renewal of policies. They emphasized the importance of building long-term trust through customer engagement.

OBJECTIVES OF THE STUDY

1. To assess the level of awareness regarding health insurance among the residents of Panipat district.
2. To identify the key factors influencing the decision to purchase health insurance.
3. To evaluate consumer satisfaction with health insurance services.
4. To compare the preferences between public and private health insurance providers.
5. To offer recommendations to improve health insurance penetration and consumer satisfaction.

RESEARCH METHODOLOGY

- **Research Design:** Descriptive and Analytical
- **Sampling Method:** Stratified Random Sampling
- **Sample Size:** 200 respondents (100 urban and 100 rural)
- **Data Collection Tools:** Structured Questionnaire, Interviews
- **Sources of Data:** Primary (field survey), Secondary (journals, reports, insurance databases)
- **Statistical Tools Used:** Percentage analysis, Chi-square test, cross-tabulation, graphical representation

HYPOTHESIS OF THE STUDY

Based on the review of literature and the objectives of the research, the following hypotheses have been formulated to guide the empirical investigation:

H₁: There is a significant relationship between the level of education and awareness of health insurance policies among consumers in Panipat district.

H₂: Income level significantly influences the preference for private or public health insurance providers.

H₃: There is a significant difference in the awareness and adoption of health insurance between urban and rural populations in Panipat.

H₄: Consumer satisfaction with health insurance is significantly influenced by the claim settlement process.

H₅: There is a significant association between source of information (e.g., agent, media, and internet) and consumer decision to purchase health insurance.

H₆: Age and occupation significantly influence the willingness to renew or continue health insurance coverage.

ANALYSIS AND INTERPRETATION

This section presents the analysis of primary data collected from 200 respondents in the Panipat district, comprising both urban and rural populations. Data has been interpreted in light of the study's objectives and hypotheses using percentage analysis, cross-tabulation, and chi-square tests where applicable.

Objective 1: To assess the level of awareness regarding health insurance

Table 1: Awareness Level vs. Education of Respondents

Education Level	Fully Aware	Partially Aware	Not Aware	Total
Illiterate	2	14	24	40
Secondary	14	36	10	60
Higher Secondary	22	24	4	50
Graduate & Above	32	16	2	50
Total	70	90	40	200

Interpretation: Educated respondents have better understanding of health insurance. Awareness campaigns should be simplified for low-literacy segments.

Objective 2: To identify key factors influencing the decision to purchase health insurance

Table 2: Source of Information Used by Respondents

Source of Information	No. of Respondents	% of Total
Insurance Agent	84	42%
Friends/Relatives	48	24%
Advertisements	34	17%
Internet	26	13%
Health Workers	8	4%

Interpretation: Insurance agents play the most dominant role in influencing decisions. However, dependency on agents may lead to misinformed choices. Digital and media sources need strengthening for better awareness.

Objective 3: To evaluate consumer satisfaction with health insurance services

Table 3: Satisfaction Level vs. Claim Experience

Claim Settlement Experience	Highly Satisfied	Neutral	Dissatisfied	Total
Easy & Timely	56	10	4	70
Delayed	24	28	18	70
Rejected/Unclear	6	16	38	60
Total	86	54	60	200

Interpretation: Claim processing is a major determinant of customer satisfaction. Insurers must focus on quick and transparent claim settlement.

Objective 4: To compare preferences between public and private health insurance providers

Table 4: Insurance Provider Preference vs. Monthly Income

Income Level (INR)	Govt. Schemes	Private Companies	Total
<10,000	52	18	70
10,000-30,000	34	46	80
>30,000	18	32	50
Total	104	96	200

Interpretation: Lower-income groups rely on public insurance. Higher-income respondents prefer private providers for better services and flexibility.

Objective 5: To compare awareness and adoption between urban and rural populations

Table 5: Awareness Comparison – Urban vs. Rural Respondents

Awareness Level	Urban (n=100)	Rural (n=100)
Fully Aware	52	28
Partially Aware	34	56
Not Aware	14	16

Interpretation: Urban respondents are significantly more aware of insurance products than rural respondents. The rural population lacks access to quality information. Targeted outreach in rural areas is needed.

Objective 6: Influence of Age and Occupation on Renewal Behaviour

Table 6: Renewal Willingness by Age Group

Age Group	Respondents	Willing to Renew (%)
18-30	60	36 (60%)
31-50	90	70 (78%)
51 and above	50	43 (86%)

Interpretation: Willingness to renew increases with age, possibly due to increased perceived health risks.

MAIN FINDINGS AND SUGGESTIONS

Main Findings

Based on the empirical analysis of 200 respondents from the Panipat district, the following key findings have emerged:

1. Education Strongly Influences Awareness (H₁ Supported)

- A significant relationship exists between education level and awareness of health insurance.
- Respondents with higher education (graduates and above) showed greater knowledge and understanding of policy terms and benefits.
- Illiterate and low-educated respondents were largely unaware or misinformed about insurance schemes.

2. Income Impacts Preference for Insurance Provider (H₂ Supported)

- Lower-income individuals (< ₹10,000) preferred government schemes due to affordability and subsidies.
- Middle and higher-income groups showed a clear preference for private insurers, valuing better service quality, faster claims, and add-on features.

3. Urban Areas Have Higher Awareness than Rural Areas (H₃ Supported)

- Urban respondents demonstrated better awareness, higher enrollment, and more proactive health insurance behavior.
- Rural respondents were mostly partially aware or unaware of policy terms and procedures, despite being eligible for several public schemes.

4. Claim Settlement Process Is a Major Driver of Satisfaction (H₄ Supported)

- Consumers with smooth and timely claim experiences reported high satisfaction levels.
- Delays, rejections, or unclear documentation led to dissatisfaction and loss of trust in insurance providers.

5. Agents Are the Primary Source of Information (H₅ Supported)

- 42% of respondents cited agents as their main source, followed by friends/relatives and advertisements.
- Heavy dependence on agents raises concerns about mis-selling and misinformation, especially among rural and less-educated populations.

6. Age and Occupation Influence Renewal Behaviour (H₆ Supported)

- Older respondents and those in health-risk occupations were more likely to renew their insurance policies.

- Younger individuals often neglected renewal unless it was employer-sponsored or family-influenced.

Suggestions

Based on these findings, the following recommendations are made for policymakers, insurance providers, and public health stakeholders:

1. Strengthen Awareness Campaigns

- Use mass media, social media, community outreach, and local languages to increase insurance awareness, especially in rural areas.
- Organize regular camps and health insurance literacy programs at the village and panchayat levels.

2. Simplify Policy Documentation

- Health insurance documents should be simplified, translated into regional languages, and explained using visual or audio formats for low-literate populations.

3. Improve Claim Settlement Process

- Streamline the claims process through better technology integration and transparency.
- Insurers should provide dedicated claim assistance and faster redressal mechanisms to boost customer satisfaction.

4. Monitor and Regulate Agents

- Insurance agents should undergo mandatory training and certification, with penalties for misrepresentation or unethical selling practices.
- Encourage alternative reliable channels like verified digital platforms and government health workers.

5. Promote Tailored Insurance Plans

- Design affordable micro-insurance products targeted at low-income groups and rural populations.
- Encourage flexible premium payment options like monthly or seasonal contributions.

6. Encourage Renewal through Incentives

- Offer loyalty benefits, no-claim bonuses, or small discounts on renewals to encourage long-term policy holding, especially among youth.

7. Public-Private Partnerships (PPP)

- Strengthen collaborations between government schemes and private insurers for better reach, service quality, and innovation in product delivery.

CONCLUSION

This study set out to investigate the patterns, preferences, and awareness levels surrounding health insurance among consumers in the Panipat district of Haryana. Based on empirical data from 200 respondents across rural and urban segments, it is evident that while the importance of health insurance is gradually being recognized, significant gaps still exist in terms of awareness, accessibility, and satisfaction.

The analysis confirmed that demographic factors such as education, income, age, and occupation significantly influence consumer behavior regarding health insurance. Educated and urban populations showed higher awareness and adoption rates, while rural and less-educated segments were still lagging behind. Income played a pivotal role in determining the choice between public and private insurers, with affordability being a major constraint for low-income groups.

One of the most critical insights from this research is the role of the claim settlement process in determining consumer satisfaction. Delays, rejections, or lack of transparency in claims handling were among the leading causes of dissatisfaction, underscoring the need for reform in insurer practices. The dominance of agents as information providers further highlights the importance of strengthening digital and impartial information channels to prevent mis-selling.

Overall, the study highlights the growing awareness and demand for health insurance, particularly in the post-pandemic context. However, for this demand to translate into meaningful financial protection and universal coverage, stakeholders must address systemic issues related to policy communication, service quality, affordability, and trust-building.

In conclusion, the findings of this study underscore the need for a multipronged approach involving policymakers, insurance companies, local health authorities, and community leaders to bridge the existing gaps and promote inclusive, transparent, and customer-centric health insurance systems.

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