



Growth of Health Insurance in India

Mr. Saymote Babasaheb Yashvant

Assistant Professor, Sharadchandra Pawar Mahavidyalaya, Lonand,
Tal. – Khandala, Dist. Satara,

Corresponding Author- Mr. Saymote Babasaheb Yashvant

Email – saymoteb777@gmail.com

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Abstract:

Health insurance has emerged as a crucial instrument for addressing the availability and affordability of healthcare in India. Based on secondary data acquired from a variety of sources, this descriptive study analysed the growth of health insurance in India. While the health insurance market in India has grown significantly in recent years, only a small percentage of the population is covered by health insurance. The study also identified several challenges confronting the sector, such as low awareness and comprehension of health insurance, inadequate healthcare infrastructure, lack of product standardisation, and limited coverage for pre-existing conditions. The study suggests that increasing consumer awareness, enhancing the quality of healthcare services, standardising health insurance products, and expanding coverage for pre-existing conditions can assist in enhancing the quality of health insurance services in India.

Keywords: Health insurance, Growth, Development.

Introduction

The World Health Organisation and the Constitution of India recognise healthcare as a fundamental human right. Despite this recognition, access to quality healthcare remains a challenge for many Indians, especially those living in rural or remote areas. Currently, India's healthcare system is comprised of both public and private providers, with the majority of the population utilising public facilities. However, public healthcare facilities are frequently plagued by a lack of healthcare professionals, inadequate infrastructure, and insufficient funding, resulting in substandard healthcare outcomes. Private healthcare facilities, on the other hand, typically offer superior infrastructure and amenities, but their services can be prohibitively expensive, making them inaccessible to a significant portion of the population. Health insurance has emerged as a crucial instrument for addressing the problems of healthcare availability and affordability. Health insurance provides financial protection against the cost of healthcare and enables individuals to access quality healthcare without incurring substantial out-of-pocket expenses. Significantly, health insurance also reduces the financial burden of catastrophic

illnesses, which can drive families into poverty. Consequently, health insurance plays a crucial role in promoting health equity and ensuring that all individuals have access to high-quality healthcare services.

Objectives of the study

1. To study the growth and development of health insurance in India.
2. To study the trends in the number of health insurance policies issued, number of persons covered and gross premium earned by health insurers in India.

Review of Literature

Ellis, Alam, and Gupta (2000) examined the growth and development of health insurance in India, its impact on healthcare utilization, and the challenges and opportunities for its future growth. The research reveals that despite the significant expansion of the health insurance sector in India in recent times, the scope of coverage remains restricted, with merely a minor fraction of the populace being encompassed by health insurance programmes. Chatterjee et al. (2018) emphasised the regulatory structure that oversees the health insurance industry in India, encompassing the directives established by the Insurance Regulatory and Development Authority of India (IRDAI). The research highlights a number of obstacles

confronting the industry, such as restricted reach, insufficient comprehension and awareness of medical insurance, and substandard healthcare facilities. Biswas and Chattopadhyay (2017) conducted an analysis on the expansion of health insurance in India during the period of 2001 to 2015. The research revealed that the expansion of health insurance in India was propelled by heightened consumer consciousness, escalating healthcare expenditures, and governmental initiatives aimed at encouraging health insurance. The research findings also indicated that the level of health insurance coverage in India remained inadequate, thereby necessitating the need to enhance consumer education and augment the quality of healthcare provisions. According to Mohanty et al. (2018), the demand for health insurance is primarily determined by income, education, and awareness. The research findings also highlighted the necessity of expanding the scope of health insurance to encompass rural regions and the informal sector. A study by

Data Analysis and Interpretation

Table 1: Number of Health Insurance Policies Issued in India

Year	Public Sector Insurers	Private Sector Insurers	Stand-alone Health Insurers	Total
2013-14	56,20,574	23,70,744	20,34,782	1,00,26,100
2014-15	58,63,454	25,69,255	23,67,735	1,08,00,444
2015-16	60,78,615	26,15,474	31,21,842	1,18,15,931
2016-17	61,04,537	30,18,320	40,14,571	1,31,37,428
2017-18	61,08,656	37,22,405	48,98,695	1,47,29,756
2018-19	58,41,675	82,35,422	66,04,469	2,06,81,566
2019-20	55,05,694	45,62,081	78,64,841	1,79,32,616
2020-21	69,67,922	74,83,203	92,88,253	2,37,39,378
2021-22	51,39,661	65,52,362	1,09,33,056	2,26,25,079

Source: IRDA's Handbook on Indian Insurance Statistics 2021-22

Table 1 shows the total number of issued health insurance policies has consistently increased over time, from 10,026,100 in 2013-14 to 22,625,070 in 2021-22. Public sector insurers have consistently issued the most policies, followed by private sector insurers and stand-alone health insurers. The number of policies issued by public sector insurers has remained comparatively stable between 2013-14 and 2021-22, with a slight decline from 5,620,574 in 2013-14 to 5,139,664 in 2021-22. In contrast, the number of policies

Mehra et al. (2019) identified the lack of standardization in health insurance products and the limited coverage of pre-existing conditions as key challenges faced by the sector. The research findings propose that the implementation of uniformity in health insurance offerings and the expansion of coverage for pre-existing medical conditions could potentially enhance the calibre of health insurance provisions in India.

Research Methodology

The present study is a descriptive analysis that seeks to examine the expansion and progression of healthcare insurance in India, utilising secondary data. The present study employs secondary data sourced from the annual reports of the Insurance Regulatory and Development Authority (IRDA). Tabulation methods were employed to analyse the data gathered from the aforementioned sources. The limitations of the study are attributed to the restricted accessibility and calibre of the secondary data.

issued by private sector insurers and stand-alone health insurers has increased dramatically during the same time period. For instance, the number of policies issued by insurers in the private sector increased from 2,370,744 in 2013-14 to 6,552,364 in 2021-22. The total number of policies issued increased significantly in 2018-2019, primarily due to a steep increase in the number of policies issued by private sector insurers. In 2015-16, the number of policies issued by stand-alone health insurers exceeded the number of policies issued by private sector insurers, indicating a market shift towards stand-

alone health insurers. The rising number of policies issued by private sector insurers and standalone health insurers suggests that these insurers are acquiring market share in

India's health insurance industry, possibly at the expense of public sector insurers. (Figures in '000s)

Table 2: Number of Persons covered under health insurance in India

Year	Public Sector Insurers	Private Sector Insurers	Stand-alone Health Insurers	Total
2013-14	1,45,336	55,474	15,421	2,16,231
2014-15	2,11,451	63,002	11,046	2,85,500
2015-16	2,76,563	67,938	14,461	3,58,962
2016-17	3,47,323	75,355	14,778	4,37,455
2017-18	3,76,307	86,761	18,918	4,81,986
2018-19	3,20,081	1,16,478	35,475	4,72,035
2019-20	3,34,265	1,20,252	44,196	4,98,713
2020-21	3,71,926	95,150	47,670	5,14,747
2021-22	3,39,424	1,11,946	69,049	5,20,419

Source: IRDA's Handbook on Indian Insurance Statistics 2021-22

The total number of individuals covered by health insurance has steadily increased over the years, from 2,16,231 thousand in 2013-14 to 5,20,421 thousand in 2021-22, as shown in Table 2. The highest number of individuals have consistently been covered by public sector insurers, followed by private sector insurers and stand-alone health insurers. Between 2013-14 and 2021-22, the number of persons insured by public sector insurers remained relatively stable, with a slight decline from 1,45,336 thousand in 2013-14 to 3,39,424 thousand in 2021-22. In contrast, the number of individuals covered by private sector insurers and stand-alone health insurers has increased dramatically over the same time period. For instance, the number

of individuals covered by private sector health insurers increased from 55,474 thousand in 2013-14 to 1,11,944 thousand in 2021-22. In 2018-2019, the total number of people covered by health insurance declined significantly, primarily due to a precipitous decline in the number of people covered by public sector insurers. The number of individuals covered by stand-alone health insurers has surpassed that of private sector insurers, indicating a market shift towards stand-alone health insurers. Private sector insurers and stand-alone health insurers are acquiring market share in India's health insurance industry, possibly at the expense of public sector insurers, as evidenced by the rising number of people covered by their health insurance policies.

Table 3: Gross Premium Earned by Health Insurance Companies in India
(Amount in ₹ Lakh)

Year	Public Sector Insurers	Private Sector Insurers	Stand-alone Health Insurers	Total
2013-14	10,84,072	4,48,178	2,17,204	17,49,454
2014-15	12,88,201	4,38,615	2,56,974	19,83,789
2015-16	15,59,065	4,91,134	3,94,555	24,44,754
2016-17	19,22,712	5,63,242	5,53,217	30,39,171
2017-18	21,50,948	7,68,935	7,82,981	37,02,864
2018-19	23,53,626	10,65,509	10,68,141	44,87,276
2019-20	24,63,185	12,39,072	13,73,550	50,75,807
2020-21	27,22,820	15,87,509	15,13,456	58,23,786
2021-22	32,94,286	20,10,723	20,00,143	73,05,152

Source: IRDA's Handbook on Indian Insurance Statistics 2021-22

The amount of total premiums earned by health insurance providers in India from 2013-14 to 2021-22 is displayed in Table 3. The data in the table indicate that the gross premiums earned by health insurance providers have consistently increased over time. Over the past nine years, the total premium earned by all insurers has increased from 17,49,454 lakhs in 2013-14 to 73,05,152 lakhs in 2021-22, an increase of approximately 317%. Among the three categories of insurers, the public sector insurers have consistently garnered the highest premium, with a total premium of 32,94,286 lakhs in 2021-22. The premiums of private sector insurers and independent health insurers have also increased steadily over time. The substantial increase in premiums earned by health insurers over the years can be attributed to a number of factors, including rising healthcare costs, increased awareness of health insurance, and the increasing demand for health coverage due to lifestyle changes and an ageing population. The data in Table 3 demonstrate the development and significance of India's health insurance industry and its capacity to meet the healthcare needs of a growing population.

Conclusion

Health insurance has emerged as a crucial instrument for addressing the availability and affordability of healthcare in India. Although the Indian health insurance market has expanded significantly in recent years, only a small percentage of the population is covered by health insurance schemes. Increasing consumer awareness, rising healthcare costs, and government initiatives to promote health insurance all contributed to the expansion of health insurance in India. However, the industry faces a number of obstacles, including low awareness and comprehension of health insurance, inadequate healthcare infrastructure, a lack of product standardisation, and limited coverage for pre-existing conditions. To improve the quality of health insurance services in India, consumer awareness must be raised, the quality of healthcare services must be enhanced, health insurance products must be standardised, and coverage for pre-existing conditions must be expanded. There is also a need to expand health insurance coverage in

rural areas and the informal sector. In conclusion, health insurance has the potential to play a crucial role in fostering health equity and ensuring that everyone in India has access to high-quality healthcare services. However, concerted efforts are necessary to resolve the sector's challenges and ensure that health insurance is accessible and affordable for all.

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