



A COMPARATIVE STUDY ON THE OFFERINGS OF HEALTH INSURANCE SERVICES BETWEEN THE ORIENTAL INSURANCE COMPANY LIMITED AND CHOLAMANDALAM MS GENERAL INSURANCE COMPANY LIMITED

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Abstract

Insurance is a contract between two parties, the insurer or the insurance company, and the insured, the person seeking the cover. Within this contract, the insurer agrees to pay the insurer for financial losses arising out of any unforeseen events or risk in return for a regular payment of premium. Thus, these insurance plans are also called as a Risk Cover Plans, which means to financially compensate for losses that occur uncertainly through accident, illness, theft, natural disaster. As you can not fight against these man-made and natural calamities, so at least be prepared for them and their aftermath by taking insurance policies. Insurance is an attractive option for investment but most people are not aware of its advantages as an investment option. Remember that first and foremost, insurance is about risk cover and protection. By buying life insurance, you buy peace of mind. Insurance also serves as an excellent tax saving mechanism. The Government of India has offered tax incentives to life insurance products in order to facilitate the flow of funds into productive assets. The paper provides comparison between health insurance service offered by the Oriental Insurance Company Limited and Cholamandalam MS General Insurance Company.

Key Words: Risk, Premium, Policies, Plans, illness.

Introduction

Life is a roller coaster ride and is full of twists and turns. You cannot take anything for granted in life. Insurance policies are a safeguard against the uncertainties of life. Insurance is system by which the losses suffered by a few are spread over many, exposed to similar risks. Insurance is a protection against financial loss arising on the happening of an unexpected event. Insurance policy helps in not only mitigating risks but also provides a financial cushion against adverse financial burdens suffered.

Types of Insurance

Insurance policies cover the risk of life as well as other assets and valuables, such as, home, automobiles, jewelry et al. On the basis of the risk they cover, insurance policies can be classified into two categories: Life Insurance and General Insurance. As the term suggests, Life Insurance covers the risk involved in a person's life, while General Insurance provides financial protection against unforeseen events, like accident, flood, earthquake, disease, etc.

Insurance Regulatory & Development Authority

Insurance Regulatory & Development Authority is regulatory and development authority under Government of India in order to protect the interests of the policyholders and to regulate, promote and ensure orderly growth of the insurance industry.

Statement of The Problem

Over the last 50 years India has achieved a lot in terms of health improvement. But still India is way behind fast developing countries such as China, Vietnam and Sri Lanka in health indicators. In case of government funded health care system, the quality and access of services has always remained major concern. A very rapidly growing private health market has developed in India. This private sector bridges most of the gaps between what government offers and what people need. However, with proliferation of various health care technologies and general price rise, the cost of care has also become very expensive and unaffordable to large segment of population. The government and people have started exploring various health financing options to manage problems arising out of growing set of complexities of private sector growth, increasing cost of care and changing epidemiological pattern of diseases. In this context, to select a insurance company this study depicts the information of comparative study to two private players in the market.

Industry Profile

History of Insurance

Insurance has been known to exist in some form or other since 3000bc. The Chinese traders, traveling treacherous river rapids would distribute their goods among several vessels so that loss from any one vessel being lost, would be partial and shared, and not total.



The Babylonian traders would agree to pay additional sums to leaders, as the price for writing off the loans, in the case of the shipment being stolen. The inhabitants of roads adopted the principle of 'general average', whereby, if goods are shipped to gather the owners would bear the losses in proportion, if loss occurs, due to jettisoning during distress. (Captains of ships caught in storms, would throw away the some of the cargos to reduce the weight and restore the balance. Such throwing away is called jettisoning). The Greeks had started benevolent societies in the 7th century AD, to take care of the funeral and families of members who died. The friendly societies of England were similarly constituted. The great fire of London in 1666, in which more than 13000 houses were lost, gave a boost to insurance and the first insurance company, called the Fire office, was started in 1680.

The origin of insurance business as in vogue at present is traced to the Lloyd's coffee house in London. Traders who used to gather in Lloyd's coffee house in London, agreed to shared the losses to their goods while being carried the ships the losses used to occur because of pirates who robbed on the high seas are because of bad weather spoiling the goods or sinking the ships.

Insurance Market in India

The India Insurance Market despite having a highly elaborate history spanning almost two centuries, has come of age only in the last 50 years after the formation of the Oriental General Insurance of India in 1947 and the entry of private companies into the market in 2000.

Traditionally the Indian Insurance Market had centered around the life insurance until recently, a host of other insurance policies covering a diverse range of issues and objects like medical insurance, accident insurance, fire insurance, automobile insurance and other policies which fall under the category of general insurance are being provided by various private insurance companies.

Performance of the Indian Insurance Market – A Report

The following points will provide you an insight into the insurance market of India and its fast expanding prospects. The report is well supported by data based on detailed analysis that would help investors, financial service providers and global banking players to venture into the Indian insurance market.

Taking into account the changing socio-economic demographics, rate of GDP growth, behavior of consumers, and occurrences of natural calamities at regular intervals the market of Life Insurance in India is expected grow to the value of around US \$ 41.44 billion by the year 2009. The Market is expected to grow at a compounded annual growth rate (CAGR) of more than 200 % year over year (YOY) from year 2006 onwards.

1. 65 % of the general insurance market is controlled by private houses that already exist in the market.
2. However in automobile insurance, public sector covers a substantial 68 % of the total market value.
3. Among individual companies that are worthy of mentioning, ICICI Lombard enjoys a whopping 53 % market share in Accident Insurance while the remaining 47 % is shared by New India Assurance and United India Insurance, both belonging to the public sector.

Top Indian General Insurance Companies

Due to the growing demand of insurance, more and more insurance companies are now emerging in the Indian insurance market. Some of the preferred life insurance service providers in India are as follows:

1. Oriental General Insurance.
2. New India Assurance co ltd.
3. Cholamandalam MS General Insurance.
4. United India Insurance.
5. ICICI Lombard General Insurance.
6. Reliance General Insurance.
7. Bajaj Allianz.
8. HDFC Ergo General Insurance.
9. Star Union General Insurance.
10. Royal Sundaram Alliance Insurance.

The recommendations of the committee put stress on offering operational autonomy to the insurance service providers and also suggested forming an independent regulatory body.



The Insurance Regulatory and Development Authority Act of 1999 brought about several crucial policy changes in the insurance sector of India. The IRDA Act in was followed by the formation of the Insurance Regulatory and Development Authority (IRDA) 2000.

The goals of the IRDA are to safeguard the interests of insurance policyholders, as well as initiate different policy measures to help sustain growth in the Indian insurance sector.

Insurance Policies in India at a Glance

Generally defined, insurance is a system of providing protection against monetary loss caused by unforeseen events. Insurance policies provide safeguards to ease risks associated with unexpected accidents, damages or the loss of personal property.

The history of insurance in India dates back to the year 1818, when the Oriental Life Insurance Company was formed in Kolkata. The Life Insurance Act of 1912 marked the beginning of a new era in the insurance sector of India.

The Indian Insurance Companies Act was passed in the year 1928. This act empowered the government of India to gather necessary information about the life insurance and non-life insurance organizations operating in Indian financial markets.

The Triton Insurance Company Ltd. formed in 1850 and was the first of its kind in the general insurance sector in India. The Indian Mercantile Insurance Limited was established in 1907, and was the company in India to handle all classes of insurance.

Company Profile

Cholamandalam Ms General Insurance

The Chennai based Cholamandalam MS General Insurance Co. Ltd is a leading player in the insurance sector of India. It is a joint venture of the renowned names in the business sector, the Murugappa Group & the Mitsui Sumitomo. One of its parent sponsor the Murugappa Group is a USD 2.4 billion business conglomerate with various ventures in the field of engineering, abrasants, sanitary ware, fertilizers, finance, bio-products and plantations and the other Mitsui Sumitomo is the second largest Insurance group of Japan with its spread in 38 other countries of the world.

A joint venture between Japan's Mitsui Sumitomo Insurance Group and Murugappa Group, Cholamandalam MS General Insurance Company offers a host of customized services in all segments of the society.

The Oriental Insurance Company Limited

The Oriental Insurance Company Limited is one of the leading General Insurance Companies in India. It is one of the oldest Insurance Companies and was established in the year 1947. The Company transacts all kinds of non life insurance business ranging from insurance covers for very big projects to small rural insurance covers.

The Company has its headquarters in New Delhi, the capital of India. The Company has 21 Regional Offices, 308 Divisional Offices and 601 Branch Offices in various cities of the country. The Company has overseas operations in Nepal, Kuwait and Dubai.

The Company is managed by a professionally qualified and experienced Board of Directors, who have vast experience in conducting General Insurance Business, both nationally and internationally. Re-insurance connections are spread all over the world. The Company has a very high reputation in the Re-insurance market.

The Company specializes in devising special covers for large projects like Power Plants, Petro-Chemical, Steel Plant and Chemical Plants. It has a highly technically qualified and competent team of Professionals, to render the best customer service. The Company has a staff strength of around 18000.

The Company has a dedicated Project Cell at the Head Office as well as major cities of India. A special R&D team has been dedicated to bring out special innovative covers like Stock-Brokers', Special Package Policies etc.

Need For The Study

The general insurance market was virtually a monopolistic market till 2000 where only four Government owned public sector companies were operating in the field. But subsequently in 2000 when the market was opened up new players in the private sector have started their operations in the insurance field. Prior to privatization the public sector companies had only selected products which they offered to the insuring public for risk coverage. The public could select one of the many covers offered



by the government companies. With the entry of private companies new products might have been introduced by them. The whole concept of marketing might have undergone a sea change in the industry as a whole.

The new companies that have entered the field might have introduced new products to suit the ever changing requirements of the insuring public. The insuring public might have also welcomed those products. The quality of service provided by the private players might have been better compared to the public sector companies. Issuance of policies and settling of claims might have been hastened.

Scope of The Study

1. This study can be conducted by comparing the performance and products of one private and one government insurance players in insurance industry.
2. The number of respondents surveyed is 273
3. The study can be conducted in Chennai city only.
4. This study can be conducted to analyze the market stand of the Oriental Insurance Company Ltd and Cholamandalam MS General Insurance Company Ltd.

Objectives of The Study

1. To know market potential of Oriental Insurance Company Ltd and Cholamandalam MS General Insurance Company Ltd .
2. To find out the strength and the weakness of their plans and making comparative Analysis between the products of the Oriental Insurance Co. Ltd with Cholamandalam MS General Insurance Company Ltd.
3. To offer suggestions based on the findings of the study.

Research Methodology

Methodology is one of the aspects of any Research. Extreme care must be taken increasing steps of the Research for the project to provide Reliable data. The following methodology has been adopted in conducting the study "A Comparative study on the offerings of Health Insurance services Between the Oriental Insurance Company Limited and Cholamandalam MS General Insurance Company Limited

Research Design

The study is descriptive in nature; it is designed to describe the attitude, opinion and perception of the Respondents towards Health Insurance products Between the Oriental Insurance Company Limited Cholamandalam MS General Insurance Company Limited.

Data

Nature of Data: Required Data were gathered from Primary and Secondary Sources.

1. **Primary Data:** Mainly conducting survey with of Structural Undisguised Questionnaire has collected primary data. The primary data was collected from the responds of general public.
2. **Secondary Data:** Secondary data collected from Magazines, Journals, and Newspapers etc.

Tool used for Data Collection: The primary data has been collected with the help of Questionnaire used for the Respondent and interviewing them.

Design of Questionnaires

Before the Questionnaire was prepared required information were listed details.

The Questionnaire used for primary data collection was structural non-disguised questionnaires consist of:

1. Open ended
2. Closed ended.
 - a) Dichotomous Questions
 - b) Multiple Choice Questions

Sampling Area: The study has been conducted in Chennai.

Sample Size: Total Number of respondents selected for the collection of data is 273

Analytical Tools

1. Percentage Analysis.
2. Weighted Arithmetic Mean
3. Chi Square

Limitation of The Study

1. Most of the Respondents were not interested in filling up the questionnaires.
2. Convincing the respondent was one of the main problems.
3. To analyze the study, the time duration is not quite enough.

Review of Literature

The insurance sector is one of the most promising sectors in India today. The market size went up to US \$ 47.89 billion in 2007, from US \$ 21.71 billion in 2000, showing an increase of 120 per cent. Between 2000 and 2007, overall premiums sustained an average growth rate of 11.96 per cent and the compound annual growth rate (CAGR) growth was 11.96 per cent.

A report-'Insurance Sector Futuristic Growth'-released in August 2008,by ASSOCHAM revealed that bolstered by intense marketing strategies private insurance players have rapidly increased their market share. The share of state-owned insurance has come down to 70 percent in the last 4-5 years from over 97 percent. It is estimated that its growth rate could even exceed 140 per cent.

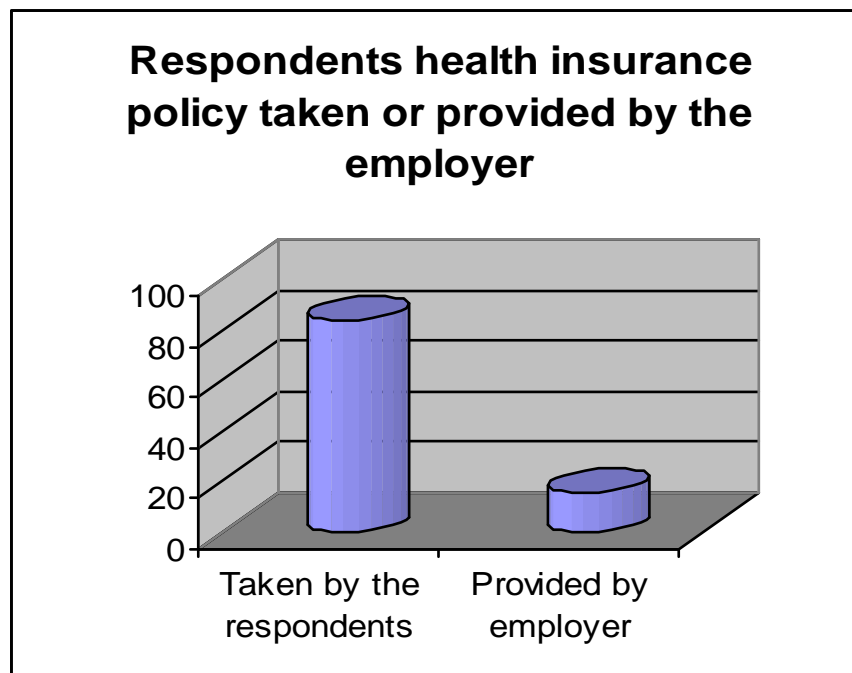
Justifying the Assocham's predictions, RNCOS in its new research regarding MARKET IN INDIA (2008-2011) has forecasted the Indian life and non-life growth at a CAGR of more than 65% and 25% respectively between 2008 and 2011.

Data Analysis And Interpretations

Respondents' Health Insurance Policy Taken Or Provided By The Employer

| S.NO | Status | Respondents | |
|------|--------------------------|-------------|------|
| | | In No's | In % |
| 1 | Taken by the respondents | 229 | 84 |
| 2 | Provided by employer | 44 | 16 |
| | Total | 273 | 100 |

Source: Survey



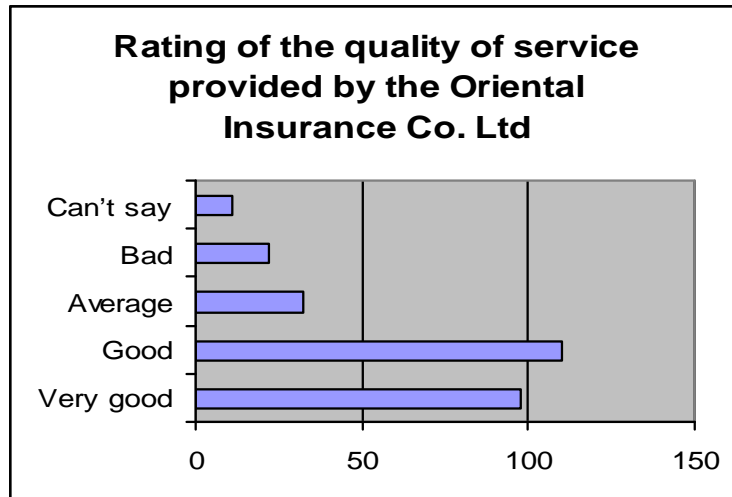
Interpretation:

From the above table it is clear that 84% of the respondents taken policy and the rest of the respondents with 16% provided by the employer.

Rating of the quality of service provided by the Oriental Insurance Co. Ltd
Weighted arithmetic Mean

| S.NO | Rate | No of respondents | Total score | WAM | Factor |
|------|-----------|-------------------|-------------|-------|--------|
| 1 | Very good | 98 | 490 | | |
| 2 | Good | 110 | 440 | 3.959 | Good |
| 3 | Average | 32 | 96 | | |
| 4 | Bad | 22 | 44 | | |
| 5 | Can't say | 11 | 11 | | |

Source: Survey



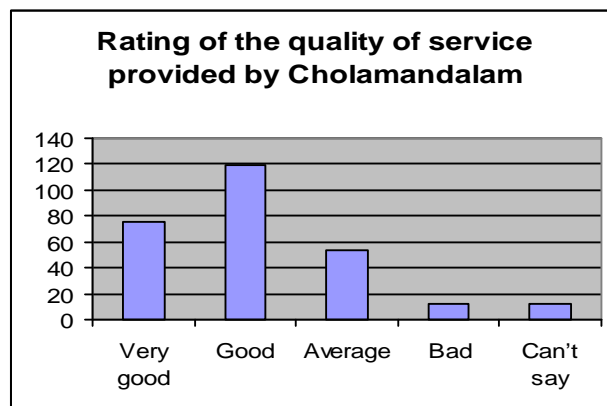
Interpretation

From the above table it is clear that the respondents rating towards the quality of service provided by the oriental insurance co. ltd are good.

Rating of The Quality of Service Provided by Cholamandalam Insurance Co Ltd
Weighted arithmetic Mean

| S.NO | Rate | No of respondents | Total score | WAM | Factor |
|------|-----------|-------------------|-------------|------|--------|
| 1 | Very good | 76 | 380 | | |
| 2 | Good | 119 | 476 | 3.86 | Good |
| 3 | Average | 54 | 162 | | |
| 4 | Bad | 12 | 24 | | |
| 5 | Can't say | 12 | 12 | | |

Source: Survey

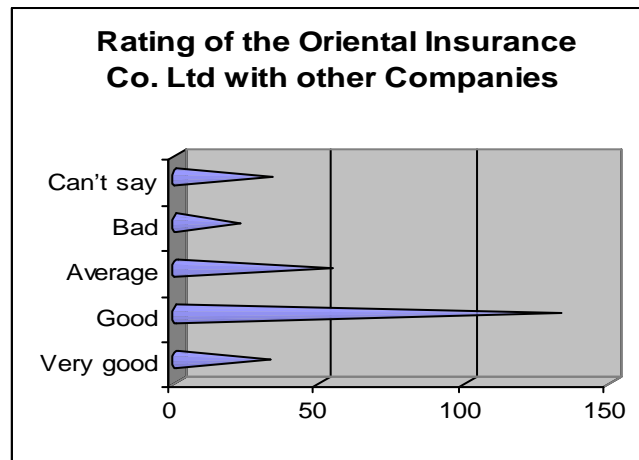


Interpretation: From the above table it is clear that the respondents rating towards the quality of service provided by the Cholamandalam insurance co ltd are good.

**Rating Of The Oriental Insurance Co. Ltd With Other Companies
 Weighted Arithmetic Mean**

| S.NO | Rate | No of respondents | Total score | WAM | Factor |
|------|-----------|-------------------|-------------|-----|--------|
| 1 | Very good | 32 | 160 | | |
| 2 | Good | 132 | 528 | 3.8 | Good |
| 3 | Average | 54 | 198 | | |
| 4 | Bad | 22 | 44 | | |
| 5 | Can't say | 33 | 33 | | |

Source: Survey

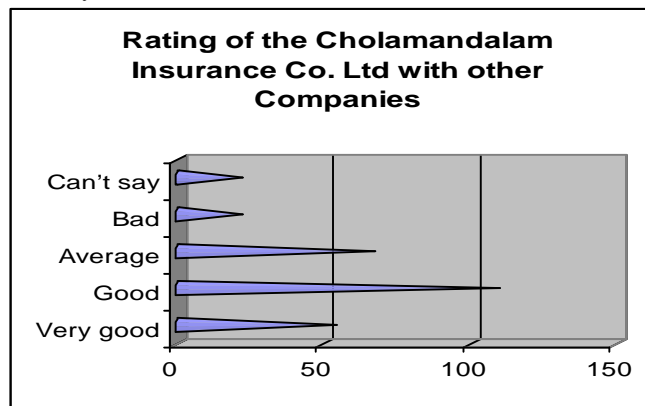


Interpretation: From the above table it is clear that the respondents rating towards Oriental insurance co. ltd with other companies are good.

**Rating Of The Cholamandalam Insurance Co. Ltd With Other Companies
 Weighted Arithmetic Mean**

| S.NO | Rate | No of Respondents | Total score | WAM | Factor |
|------|-----------|-------------------|-------------|-----|--------|
| 1 | Very good | 54 | 270 | | |
| 2 | Good | 110 | 440 | 3.9 | Good |
| 3 | Average | 67 | 201 | | |
| 4 | Bad | 22 | 44 | | |
| 5 | Can't say | 22 | 22 | | |

Source: Survey



Interpretation: From the above table it is clear that the respondents rating towards Cholamandalam insurance co. ltd with other companies are good.

Chi-Square Test-1
Respondents' Awareness Towards Public Sector Insurance Companies

| S.No | Public Sector Co. | Respondents |
|------|---------------------------------|------------------|
| | | Aware In No's |
| 1 | The New India Assurance Co. Ltd | 132 |
| 2 | The National Insurance Co.Ltd | 88 |
| 3 | The oriental Insurance Co. Ltd | 229 |
| 4 | United India Insurance Co. Ltd | 119 |

Testing of Hypothesis

Null Hypothesis: H0: There is no significant difference between the respondents awareness towards public sector insurance companies.

Alternative Hypothesis: H1: There is significant difference between the respondents awareness towards public sector insurance companies.

| Public Sector Co. | Observed Frequency (O) | Expected Frequency (E) | (O-E) ² | (O-E) ² |
|---------------------------------|------------------------------|------------------------------|--------------------|--------------------|
| The New India Assurance Co. Ltd | 132 | 142 | 100 | 0.70 |
| The National Insurance Co.Ltd | 88 | 142 | 2916 | 20.53 |
| The oriental Insurance Co. Ltd | 229 | 142 | 7569 | 53.30 |
| United India Insurance Co. Ltd | 119 | 142 | 529 | 3.73 |
| | 568 | | | 78.26 |

Calculated chi-square = $\chi^2 = 78.26$

Degrees of freedom = 4-1=3

i.e., Tabulated value of chi-square at 5% level of significance for 3 d.f = **7.815**

Since Calculated value of chi-square > tabulated chi-square

We reject the null hypothesis

Inference: There is significant difference between the respondents awareness towards public sector insurance companies

Chi-Square Test-2
Respondent's Awareness Towards Private Sector Insurance Companies

| S.NO | Public Sector Co. | Respondents |
|------|-------------------|------------------|
| | | Aware In No's |
| 1 | Cholamandalam | 91 |
| 2 | Royal Sundaram | 49 |
| 3 | Bajaj Allianz | 107 |
| 4 | Tata AIG | 58 |
| 5 | Star | 29 |
| 6 | ICICI | 85 |

Testing of Hypothesis

Null Hypothesis: H₀: There is no significant difference between the respondents awareness towards private sector insurance companies

Alternative Hypothesis: H₁: There is significant difference between the respondents awareness towards private sector insurance companies

| Public Sector Co. | Observed Frequency (O) | Expected Frequency (E) | (O-E) ² | (O-E) ² |
|-------------------|------------------------|------------------------|--------------------|--------------------|
| Cholamandalam | 91 | 70 | 441 | 6.3 |
| Royal Sundaram | 49 | 70 | 441 | 6.3 |
| Bajaj Allianz | 107 | 70 | 1369 | 19.56 |
| Tata AIG | 58 | 70 | 144 | 2.05 |
| Star | 29 | 70 | 1681 | 24.01 |
| ICICI | 85 | 70 | 225 | 3.21 |
| | 419 | | | 61.43 |

Calculated chi-square = **61.43**

Degrees of freedom = 6-1=5

i.e., Tabulated value of chi-square at 5% level of significance for 5 d.f = 61.43

Since Calculated value of chi-square > tabulated chi-square

We reject the null hypothesis

Inference: There is significant difference between the respondents awareness towards private sector insurance companies.

Summary of Findings

1. Majority of the respondents are male.
2. 59 % of the respondents falls under the category of 20-40 years.
3. 44 % of the respondents income between Rs 10000 and Rs 20000.
4. Mostly the respondents are working the private sector companies.
5. 72 % of the respondents of the mind awareness is the Oriental insurance co.ltd.
6. 88% of the respondents having Medi-claim policies.
7. Major portion of the respondents holding Medi-claim policy in the Oriental insurance co. ltd.
8. 60 % of the respondents came to know through agents.
9. 64 % of the respondents availed health insurance for renewal.
10. 84 % of the respondents coverage of the policy is for whole family.
11. 76 % of respondents taken insurance policy under public Sector insurance companies.
12. 84 % of the respondents are aware of the Oriental insurance Co. ltd under public sector companies.
13. The respondents awareness towards the private sector insurance companies are Bajaj Allianz & Cholamandalam MS.
14. Majority of the respondents reason behind the policy is to cover the high cost of medical bills.
15. 64 % of the respondents availed Medi-claim insurance policy under the Oriental insurance Co. ltd.
16. Health advantage plus insurance is the policy taken by most of the respondents under the Cholamandalam MS.
17. 88 % of the respondents are aware of the benefits offered under the Medi-claim insurance policies.
18. 16 % of the few respondents only the policy taken by the employer.
19. The respondents rating towards the quality of service provided by the oriental insurance co. ltd are good.
20. The respondents rating towards the quality of service provided by the Cholamandalam MS Insurance co. ltd are good.
21. The respondents rating towards Oriental insurance co. ltd with other companies are good.
22. The respondents rating towards Cholamandalam MS insurance co. ltd with other companies are good.
23. There is significant difference between the respondents awareness towards public sector insurance companies



24. There is significant difference between the respondents awareness towards private sector insurance companies.

Suggestions and Recommendations

1. The companies concentrate on distribution of pamphlets about the policies with the details
2. The companies also concentrate on advertisement activities through mass media for the education of the general investors
3. Proper training should impart to the agents for the update of the policy features
4. To assist TPA to improve services and satisfy the customers
5. To sustain the leadership in the market the company should need to properly communicate to the customers by frequent reminders through sms or by mail
6. Online services may be still to be improved
7. Out patient treatment , treatment on other system such as Ayurveda, siddha can also be considered
8. Premium and risk coverage may be made economical and affordable for all
9. Transparency, quick disposal of claims has to be the top priority
10. Customers should be given grace period for renewal or renewal with penal charges
11. The documents can be scrutinized in the local office so as to avoid the delay in the payment
12. Terms and conditions & prospectus should be also in Tamil, so that everyone can understand.

Conclusion

The financial markets have continued to witness unprecedented liberalization, growth and reforms over the last decade prompted by regulatory compulsions and a rapid integration between domestic and global markets. Thus this study concentrated on the comparative study on the health insurance Products of two players in the market in India.

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