

Origin, Growth Pattern And Trends: A Study Of Indian Health Insurance Sector

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Abstract: *This paper reviews performance and progress of health insurance business that has evolved over the past 25 years in India. The objectives of the study are to find origin of health insurance in India and abroad and to examine the growth pattern and trends of public and private health insurers in post liberalization period. The data used to achieve the objectives were secondary in nature and covers a period from 2002-03 to 2011-12. The tabular analysis technique was used to present the findings. The study analyses the performance of health insurance sector on the basis of contribution to GDP, health insurance portfolio share percentage in total non life insurance business, sector and company wise analysis of public and private health insurers. The study found that the market trend and penetration level of health insurance business are changing over a period of time. The premium level and index of aware about the benefits of health insurance has been steadily increasing. The growth rate and market share of private health insurance has been increasing and public health insurers has been decreasing, due to number of increasing private health insurers, competition compulsions and coverage of rural areas with new and innovative products.*

Key Words – *Growth Pattern, Health Insurance, Market Share, Performance, Trends*

I. Introduction

Health insurance connotes a form of insurance that pays for medical expenses. It is a kind of financial protection that provides payment of benefits in case of sickness or injury (Chahal, 2006). This has been defined variously as “a mechanism whereby the risks of incurring health care costs are spread over a group of individuals or households” (Arhin-Tenkorang, 2001). Under a health insurance programme, people who have the risk of a certain event contribute a small amount (Premium) towards a health insurance fund which is subsequently pay for treatment of suffering from such unfortunate event (Devdasan & Nandraj, 2006). The Insurance Regulatory and Development Authority (IRDA) defines ‘Health Insurance Business’ or ‘health cover’ as effecting of contracts which provide sickness benefits or medical, surgical or hospital expenses benefits, whether in-patient or out-patient, on an indemnity, reimbursement, pre-paid or other-wise, including assured benefits and long term health care (Bishnoi & Saharan, 2007).

The practice of health insurance evolved in the 19th century when, many friendly or benefit societies were founded to ensure the lives and health of their members. In India, it appeared with the launch of the Mediclaim policy in November 1986 by the General Insurance Corporation. Thereafter several kinds of policies have been floated continuously in this field by both public and private health insurers (Bishnoi & Saharan, 2007). The types of health insurance are as: Social health insurance (SHI) schemes are statutory programmes financed mainly through wage-based contributions and related to level of income. An SHI Scheme is an earmarked fund set up by government with explicit benefits in return for payment. The social health insurance includes the Central Government Health Scheme (CGHS) and Employees State Insurance Scheme (ESIS) (Devadasan and Nandraj, 2006). Private Health Insurance is voluntary. The insurer usually collects the premia from the individuals who can afford to pay and then invests this to supplement the insurance fund (Institute of Public Health, 2006). Community health insurance scheme is any non-profit insurance scheme aiming primarily at the informal sector and formed on the basis of a collective pooling of health risks and payment therefore. Community Health Insurance schemes involve pre-payment and the pooling of resources to cover the costs of health-related mishaps. (Devadasan et al., 2004). Government Health Insurance Schemes (GHIS’s) are usually for the poorest and vulnerable sections of the community. Under these schemes, the premium is totally subsidized by the government from tax-based revenues and is paid directly to the insurer. The major GHIS’s schemes are the Universal Health Insurance Scheme (UHIS), Rajiv Arogya shri Scheme (RAS), Rashtriya Swasthya Bima Yojana (RSBY), Vajpayee Arogyasri Scheme, Karnataka and Chief Minister Kalaingar Health Insurance Scheme, Tamil Nadu.

An attempt is made to review some of the available literature with the aim of formulating the research problem. Mavalankar et al., (2000) examined that India has limited experience of health insurance. Given that government has liberalized the insurance industry, health insurance is going to develop rapidly in future. The

study found that if health insurance is left to the private market it will only cover those which have substantial ability to pay. Ellis, Alam, Gupta (2000) provided an overview of existing pattern of healthcare financing in India. The study also developed elements of a prospectus of strategy for increasing the coverage and extent of health insurance for the formal sector in India. Ellis, Alam, Gupta (2000) highlighted the need for alternative finances, including provision for medical insurance at a much wider level. Ahuja (2004) examined health insurance is emerging to be an important financing tool in meeting health care needs of the poor. Gupta and Trivedi (2006) stated health insurance should spread on a national scale and to set up an apex body that would be in charge of implementing health insurance in the country. Bishnoi & Saharan (2007) found that market trend and penetration level of health insurance business and the premium level and index of growth of health insurance business is continuously rising up in India. Chaturvedi (2008) examines the recent efforts by Government of India and state governments to develop health insurance for rural populations, including the BPL. Vyasulu (2008) defined medical insurance is now being actively but is riddled with problems and faces some very India specific constraints, still the State government takes up the responsibility for providing health care to its citizens. Desai (2009) found that large majority of Indian population depend on the private sector, mostly in the form of out of pocket spending that accounts for more than 70% of all health spending in India. Two recent government initiatives National Rural Health Mission (NRHM) and Rashtriya Swasthya Bima Yojna (RSBY) seek to shift this burden from households.

In spite of many efforts and much progress made in recent past, there still exists a wide scope to improve health insurance in India. There is requirement of more systematic analysis in the field of crucial and worldwide importance. The objectives of the study are firstly, to study the origin of health insurance in India and abroad and secondly, to examine the growth pattern and trends in health insurance of public and private health insurers.

To accomplish the objective, the paper has been divided into six broad sections. Section I introduces the health insurance in India and deals with review of the work done on health insurance. Section II presents a methodology to work out the performance and progress of health insurance in India. Section III explained the origin of health insurance in India and abroad. In Section IV growth pattern and trends of public and private health insurance sector have been discussed. The Section V concludes the discussion along with certain policy implications.

II. Materials And Methods

The present study covers a period of 10 years from 2002-03 to 2011-12. The basic reason behind the selection of base year as 2002 lies in the fact that this was the exclusive year when Indian health insurance sector has completed one year. The study is completely based upon secondary data which is mainly collected from the statistical year book of IRDA, annual reports of IRDA and other publications related with the health insurance were used for the collection of certain facts and figures necessary for the achievement of the said objectives. The tabular analysis technique was used to present the findings. Percentages were worked out to compare and present the performance of public and private health insurers. In addition to this, bar diagrams were also drawn. The important parameters used to measure the growth and performance of health insurance are contribution of health insurance to GDP, share of health insurance portfolio in total non-life insurance business, sector and company-wise analysis of gross premium collected and over the years growth rate of health insurance premium.

III. Origin Of Health Insurance

Before independence, health care was a voluntary experience (Bhat, 1999). On the eve of independence in 1947, the Bhore Committee Report makes recommendations for the improvement of health care services in India. After independence, the Government of India laid stress on primary health care and put in sustained efforts to uplift the health care system across the country (Ranson and Jowett, 2003). India spends about 6.5 to 7 per cent of GDP on health care (official estimates around 6 per cent) out of which 1.2 percent is in the Govt. sector (this accounts for 22 percent of overall spending) and 4.8 per cent in private sector (78 per cent of overall spending) (Singh, 2011). India's tryst with health insurance programme goes back to the late 1940's and early 1950's when the civil servants (Central Government Health Scheme) and formal sector workers (Employees' State Insurance Scheme) were enrolled into a contributory but heavily subsidized health insurance programmes. (PHFI, 2011). As a consequence of liberalization of the economy since the early 1990s, the government opened up private sector (including health insurance) in 1999. This development threw open the possibility for higher income groups to access quality care from private tertiary care facilities (Mahal, 2002). However, India in the last five years (since 2007) has witnessed a plethora of new initiatives, both by the central government and a host of state governments also entering the bandwagon of health insurance (Singh, 2011). One of the reasons for initiating such programs may be traced to the commitment of the governments in India to scale up public spending in health care (PHFI, 2011).

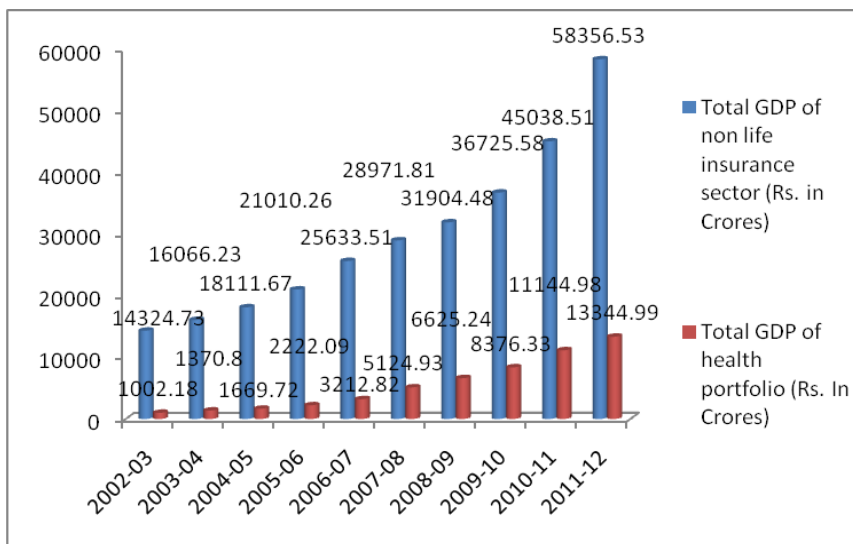
The American life insurance system was established in the mid-1700s. The earliest forms of health insurance, however, did not emerge until 1850, when the Franklin Health Assurance Company of Massachusetts began providing accident insurance, to cover injuries related to railroad and steamboat travel (Stierle, 2000). The 1940s and 1950s also saw the proliferation of employee benefit plans. In the 1970s and 1980s, more expensive medical technology and flaws in the health care system led to higher costs for health insurance companies. The history of the modern German health care system can be best be described according to the major periods in German history: Industrialization and the introduction of mandatory health insurance (on a national level) in 1883, social conflicts and doctors' victories during the Empire and Weimar Republic 1883–1933, the national-socialist period 1933–1945, the post-war period 1945–1949 which resulted in two separate German states and a reunified Germany since 1990 (Brown & Amelung, 1999).

In 1890 the federal government of Switzerland was given a constitutional mandate to legislate on sickness and accident insurance. An attempt to introduce a system of health insurance in Switzerland was made as early as 1899 with the tabling of a health and accident insurance law. The revised health insurance law, which was passed by the parliament in 1994, was approved by referendum and came into force in 1996. Medical health insurance in Japan started in early 1900, when some government enterprises and large private corporations introduced mutual benefit associations, but the national system started with promulgation of the Health Insurance Law in 1922. In 2002, the government unveiled its overall plan for reform of the health system, and in March 2003, the Cabinet adopted the "Basic Policy concerning the Health Insurance System and Medical Remuneration System (Nakamura, 2001).

The National Health Service (NHS) in United Kingdom came into operation in 1948 following the provisions of the *NHS Act* of 1946. This Act was of crucial importance in establishing the post-Second World War pattern of health service finance and provision in the United Kingdom (Klein, 1995). South Africa has a history of over 100 years of private health insurance arrangements, with little public provision of insurance. The period from 1969 to mid 1980s was characterized by strong government involvement in health insurance industry via the Act. In the 1989 amendment of the act, open enrolment and community rating rules were removed from the statute books, thus making the sick and elderly much more vulnerable to losing cover (Soderlund and Hansal, 2000).

IV. Growth Pattern And Trends In Health Insurance

Increasing awareness about health insurance, rising healthcare costs and also, the recent de-tariffing of the general insurance industry has increased emphasis on health insurance and other personal lines of business. Already, health insurance has become the fastest growing segment in the non-life insurance sector in India during the recent years, with the growth rate of 34.56 percent during 2011-12. It has emerged as an increasingly significant line of business for non-life insurance companies, and many prominent life insurance companies now have health insurance products, the conspicuous ones among these having been launched in the previous decade itself. During this period, the health insurance premium grew from Rs. 1002.18 crore in 2002-03 to Rs. 13344.99 crore in 2011-12. When compared with 2010-11, the health insurance premium rise was 16 per cent. The number of persons covered under health insurance has been also steadily increasing over the years. Considering the vast potential for health insurance any increase in this segment appears to be inadequate. In the absence of health protection, the financial impact of hospitalization can be very pronounced more so on low income group which reported to be the leading cause of impoverishment in the country. Many states have recently initiated large scale health insurance programmes in association with non-life insurers to protect these vulnerable groups from such health-related financial hazards. Some prominent schemes are Rajiv Aarogyasri scheme in Andhra Pradesh, and the centrally-sponsored Rashtriya Swasthya Bima Yojana (RSBY) Vajpayee Arogyasri Scheme, Karnataka and Chief Minister Kalaignar Health Insurance Scheme, Tamil Nadu being launched in many states across the country. Such schemes increased the number of beneficiaries covered to have coverage under some form of health insurance.

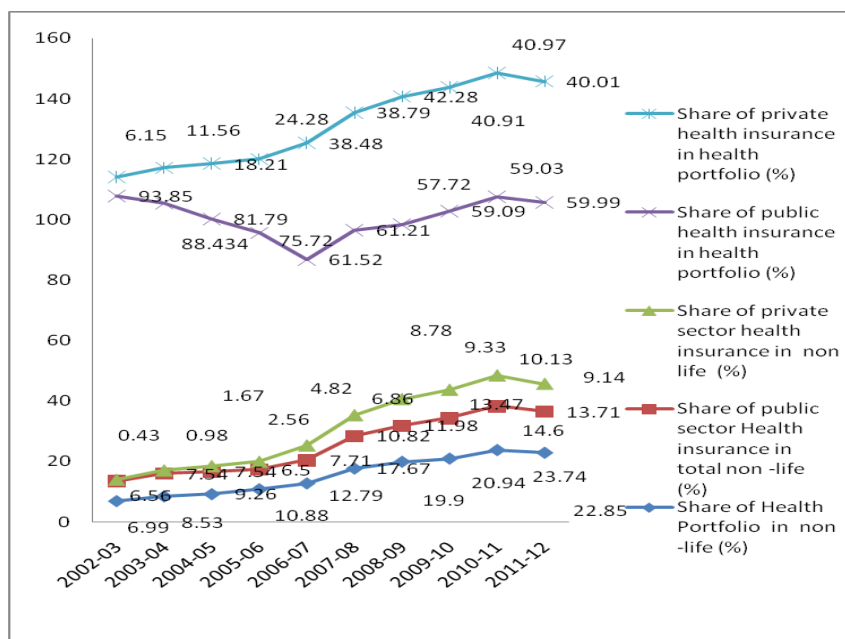


Source- www.irda.gov.in

Figure: 1 – Total GDP of Non- Life Insurance Sector and Health Portfolio (in Crores)

Fig. 1 depicts that the total Gross Domestic Premium of non life insurance sector in 2002-03 was Rs. 14,324.73 crores, which has shown a steady increase in premium to Rs. 58,356.53 crores in 2011-12 with compounded growth of 16.19 per cent. The gross domestic premium of health portfolio has shown an increasing trend between 2002-03 and 2011-12 i.e. from Rs. 1002.18 crores to 13344.99 crores revealing the compounded growth of 35.21 percent.. The compounded growth of total non life insurance sector and health portfolio during the study period is 16.19 and 35.21 percent which implies that health insurance sector has grown at faster than total non life insurance sector.

In 2002-03 health portfolio had 6.99 per cent market share in non life insurance sector where as 6.56 per cent was the share contributed by public sector and 0.43 percent that of private health insurance sector shown in fig. 2. The gross premium and market share of health portfolio in total non life insurance sector has continuously been increasing during the study period except 2011-12. The market share of health portfolio in total non life insurance sector increased from 6.99 percent to 23.74 percent between 2002-03 and 2010-11 which, however, declined in 2011-12 to 22.85 percent with a fall of 0.89 percent. The market share and growth rate of private health insurance



Source- www.irda.gov.in

Figure: 2 – Share of Public and Private Health Insurance sector in Non- Life Insurance Sector and Health Portfolio (in Percentage)

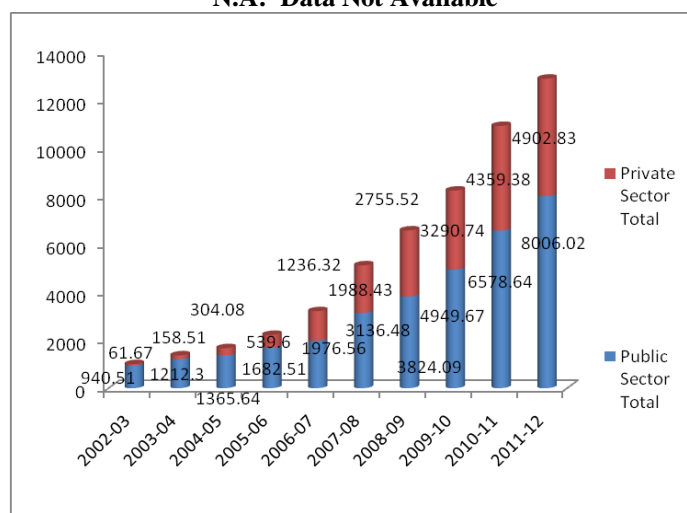
sector is higher than public health insurance sector in total non-life insurance sector. The share of private and public health insurance sector in health portfolio had been 6.15 percent and 93.85 percent in year 2002-03 which have increased to 40.01 percent and 60 percent respectively in 2011-12 which are showing the increase in market share of private health insurance sector by 35 percent and decrease in public sector by 34 percent. The compounded growth of public health insurance sector in health portfolio has been (-) 5.48 percent and 20.98 of private health insurance sector. As such the overall performance of private health insurance sector was quite enviable.

Table: 1
Company Wise Health Insurance Premium in India (In Crores)

Company	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12
Public Sector Health Insurance Companies										
New India Insurance	255.65	396.10	479.70	669.28	765.29	1209.40	1355.90	1552.47	1993.96	2339.65
Oriental Insurance	230.05	248.20	273.47	359.72	443.55	547.44	713.45	1063.51	1330.82	1324.41
National Insurance	202.64	288.50	318.56	294.25	333.12	684.70	854.02	1077.55	1572.39	2110.15
United India Insurance	252.17	279.50	293.91	359.26	434.60	694.94	900.72	1256.14	1681.47	2231.81
Public Sector Total	940.51	1212.30	1365.64	1682.51	1976.56	3136.48	3824.09	4949.67	6578.64	8006.02
Private Sector Health Insurance Companies										
Royal Sundaram	9.53	15.90	29.66	50.59	97.45	108.61	114.46	125.47	155.98	219.90
Tata AIG	13.56	19.79	26.64	30.62	45.35	68.91	78.95	83.40	110.72	137.69
Reliance	5.18	7.79	7.98	8.61	67.69	275.62	310.83	238.75	254.28	225.28
IFFCO-TOKIO	9.89	16.37	28.37	51.97	71.89	114.02	140.99	164.22	176.88	162.41
ICICI Lombard	13.42	52.46	118.78	274.46	735.85	884.61	1031.70	911.81	1341.94	1499.28
Bajaj Allianz	9.00	37.05	70.55	97.69	158.26	243.25	332.02	295.39	339.49	432.99
HDFC-CHUBB	N.A.	N.A.	1.98	4.55	10.18	28.10	45.50	268.74	328.73	411.50
Cholamandalam	1.09	9.15	20.12	21.11	38.60	109.38	165.89	149.51	148.07	235.38
Star Health & Applied Insurance	N.A.	N.A.	N.A.	N.A.	11.05	152.95	490.73	947.02	1232.47	1119.46
Apollo DKV	N.A.	N.A.	N.A.	N.A.	N.A.	2.98	44.45	106.43	270.82	458.94
Private Sector Total	61.67	158.51	304.08	539.60	1236.32	1988.43	2755.52	3290.74	4359.38	4902.83
Grand Total	1002.18	1370.81	1669.72	2222.11	3212.88	5124.91	6579.61	8240.41	10938.02	12908.85

Source- www.irda.gov.in

N.A.: Data Not Available



Source- www.irda.gov.in

Figure :3 Premium of Public and Private Health Insurance Sector

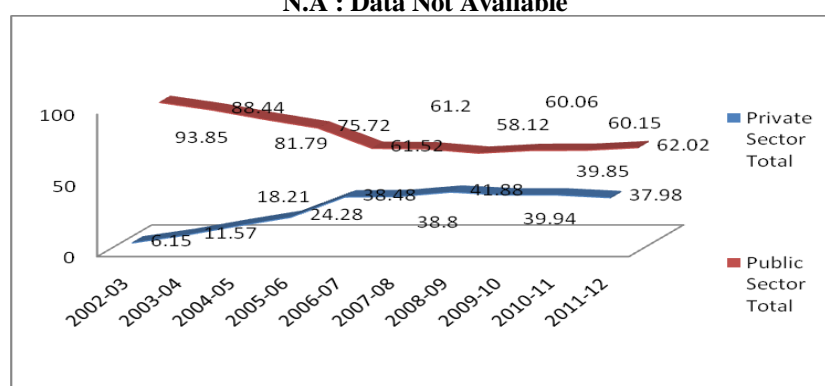
Table 1 deal with the gross premium of public and private sector health insurance players from financial year 2002-03 to 2011-12. The total gross premium has shown upward trend continuously from Rs. 1002.18 crores to Rs. 12908.85 crores in years 2002-03 to 2011-12. The gross premium of public and private sector health insurance has increased from Rs. 940.51 crores to Rs. 8006.02 and Rs. 61.67 crores to Rs. 4902.83 crores during the period under study. In 2003-04 the total premium of health insurance sector was Rs. 1370.81 crores with the increase of Rs. 368.43 crores as compared to 2002-03. In the financial year 2004-05, HDFC CHUBB, a private health insurer entered the market and garnered Rs. 1.98 crores as premium in its very first year. The total premium of public and private health insurance sector was Rs. 1669.72 crores out of which Rs. 1365.04 crores were contributed by public sector and Rs. 304.08 crores by private health insurance sector.. In financial year 2006-07, Star Health & Applied insurance company deals only in health insurance entered the market and collected Rs. 11.05 crores as premium. The total premium of health insurance sector was Rs.

3212.88 crores out of which public sector contributed Rs.1976.56 crores premium and Rs. 1236.32 crores were added by private sector depicts in fig. 3. This states that private sector has grown at a faster rate over the years. In 2008-09, the total premium contributed by health insurance sector was Rs. 6579.61 crores. The public sector contributed Rs. 3824.04 crores and Private sector Rs.2755.52 crores as premium. The year 2010-11 shows total premium of Rs. 10938.02 crores in which public sector contribution was Rs. 6578.76 crores and that of private sector was Rs. 4359.38 crores. In 2011-12 the gross premium was Rs. 12908.85 crores out of which Rs. 8006.02 crores and Rs. 4902.83 crores were displayed by public and private health insurers respectively. In the same year ICICI Lombard, a private health insurer proved to be the highest contributor with gross premium of Rs. 1499.28 crores followed by Star Health & Applied Insurance with Rs. 1119.46 crores and Apollo DKV with Rs. 458.94 crores. New India shows maximum gross premium of Rs. 2339.65 crores followed by United India Insurance Company with Rs. 2231.81 crores. It has been found that the level of gross premium has been rising in health insurance sector. However, private sector has evinced interest in non life insurance sector as compared to public health insurers.

Table: 2
Growth of Health Insurance Sector in India (in Percentage)

Company Name	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	C.G
Public Sector Health Insurance										
New India Insurance	54.93	21.10	39.52	14.34	58.03	12.111	14.49	28.43	17.33	27.19
Oriental Insurance	7.86	10.18	31.53	23.30	23.42	30.32	49.06	25.13	-0.48	24.80
National Insurance	42.37	10.41	-7.63	13.20	105.54	24.72	26.17	45.92	34.20	29.74
United India Insurance	10.84	5.15	22.23	20.97	59.90	29.61	39.45	33.86	32.72	29.51
Public Sector Total	28.89	12.64	23.20	17.48	58.68	21.92	29.43	32.91	21.69	27.80
Private Sector Health Insurance										
Royal Sundram	66.84	86.54	70.56	92.62	11.45	5.38	9.61	24.31	40.97	38.71
Tata AIG	45.94	34.61	14.93	48.10	51.95	14.56	5.63	32.75	24.35	28.89
Reliance	50.38	2.43	7.89	686.17	307.17	12.77	-23.18	6.50	-11.40	69.95
IFFCO-TOKIO	65.52	73.30	83.16	38.32	58.60	23.65	16.47	7.70	-8.18	38.78
ICICI Lombard	290.91	126.42	131.06	168.10	20.20	16.62	-11.62	47.17	11.72	61.88
Bajaj Allianz	311.67	90.42	38.46	62.00	53.70	36.49	-11.03	14.92	27.54	45.28
HDFC-CHUBB	N.A	N.A	129.80	123.73	176.03	61.92	490.63	22.32	25.17	127.3
Cholamandalam	739.45	119.89	4.92	82.85	183.36	51.67	-9.87	-0.963	58.96	67.50
Star Health & Applied Insurance	N.A	N.A	N.A	N.A	1284.16	220.84	92.98	30.13	-9.16	135.69
Apollo DKV	N.A	N.A	N.A	N.A	N.A	1391.0	139.43	154.45	69.46	228.8
Private Sector Total	157.02	91.84	77.45	129.12	60.83	38.58	19.42	32.47	12.46	58.87
Grand Total	36.78	21.81	33.08	44.58	59.51	28.38	25.24	32.73	18.01	34.56

Source- www.irda.gov.in
N.A : Data Not Available



Source- www.irda.gov.in

Figure: 4 Growth of Public and Private Health Insurance Sector (In Percentage)

As per table 2 deals with the growth pattern of public and private sector health insurance players in India from financial year 2002-03 to 2011-12. In 2003-04, there was 36.78 percent growth in total premium out of which private sector growth rate was 157.02 percent and that of public sector was 28.89 percent depicted in fig. 4. Table shows the fast growth of private players as compared to public players. The total growth of 21.81 percent comprises 12.64 percent and 91.84 percent growth by public and private health insurance sector respectively in 2004-05. In 2005-06, 77.45 percent and 23.20 percent growth was displayed by private and

public health insurers respectively. In 2006-07 growth of public and private health insurers was 44.58 percent out of which public sector growth was 17.48 percent and that of private sector has shown a decrease of 5.72 percent in growth as compared to 2005-06. In the same year, New India Assurance suffered a decrease of 25.18 percent as followed by Oriental Insurance with 8.23 percent decrease in growth. Private sector experienced 129.12 percent growth in 2006-07 and 77.45 percent in 2005-06. Private sector expanded by 51.67 percent in 2006-07 over the previous year. Reliance emerged as the topper with 686.17 percent growth and ICICI ranked second with 168.10 percent. In 2008-09 growth of all health insurers was 28.38 percent. The public sector contributed 21.92 percent growth and 23.67 percent was contributed by private sector health insurance sector. In 2009-10 the health insurance sector grew by 25.24 percent however, it was 3.14 percent less over the previous year. In 2010-11, the growth of health insurance sector was 32.73 percent with an increase of 7.89 percent over the previous year. In this year public sector showed a dismal of increase by 2.48 percent over the previous year and in private sector growth was approximately 13.05 percent. In 2011-12 the overall growth was fallen by 14.72 percent whereas private and public sector also registered fall of 20 and 11.22 percent respectively. The growth rate of private sector has been higher than public sector, which shows a remarkable progress and performance in private health insurance sector.

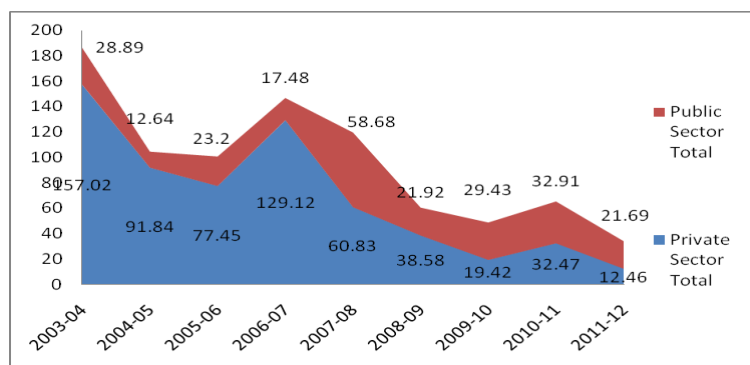
Table: 3
Market Share (%) of Health Insurance Sector in India

Company Name	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	C.G
Public Sector Health Insurance											
New India Insurance	25.51	28.90	28.73	30.12	23.82	23.60	20.61	18.84	18.22	18.12	-5.63
Oriental Insurance	22.95	18.11	16.38	16.19	13.81	10.68	10.84	12.91	12.16	10.26	-7.39
National Insurance	20.22	21.05	19.08	13.24	10.37	13.36	12.98	13.08	14.37	16.35	-3.73
United India Insurance	25.16	20.38	17.60	16.17	13.53	13.56	13.69	15.24	15.37	17.29	-3.90
Public Sector Total	93.85	88.44	81.79	75.72	61.52	61.20	58.12	60.06	60.15	62.02	-5.17
Private Sector Health Insurance											
Royal Sundaram	0.95	1.16	1.78	2.28	3.03	2.12	1.74	1.52	1.43	1.70	2.92
Tata AIG	1.35	1.44	1.60	1.38	1.41	1.34	1.20	1.01	1.01	1.07	-4.36
Reliance	0.52	0.57	0.48	0.39	2.11	5.38	4.72	2.90	2.32	1.75	26.10
IFFCO-TOKIO	0.99	1.19	1.70	2.34	2.24	2.22	2.14	1.99	1.62	1.26	2.97
ICICI Lombard	1.34	3.83	7.11	12.35	22.90	17.26	15.68	11.07	12.27	11.61	20.11
Bajaj Allianz	0.90	2.70	4.23	4.40	4.93	4.75	5.05	3.58	3.10	3.35	7.79
HDFC-CHUBB	N.A	N.A	0.12	0.20	0.32	0.55	0.69	3.26	3.01	3.19	68.17
Cholamandalam	0.11	0.67	1.20	0.95	1.20	2.13	2.52	1.81	1.35	1.82	24.27
Star Health & Applied Insurance	0.00	0.00	0.00	0.00	0.34	2.98	7.46	11.49	11.26	8.67	79.89
Apollo DKV	0.00	0.00	0.00	0.00	0.00	0.06	0.68	1.29	2.47	3.56	159.27
Private Sector Total	6.15	11.57	18.21	24.28	38.48	38.80	41.88	39.94	39.85	37.98	19.30
Grand Total	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00	

Source- www.irda.gov.in

N.A: Data Not Available

Table 4 reveals that in 2002-03 the market shares of private health insurers and public health insurers were 6.16 percent and 93.84 percent. The market share of private players increased to 37.98 percent and public sector decreased to 62.02 percent in year 2011-12. In 2003-04 private sector rose by 11.57 percent and public sector sank by 88.44 percent. In the same year, a private health insurer, ICICI Lombard ranked top with 3.83 percent and public sector insurer New India Insurance ranked first with 28.90 percent market share. In 2004-05 market share of private sector was 18.21 percent and of public sector was 81.79 percent. With the passage of time, market share of private sector has shown tremendous increase. In 2005-06 market share of private players went up by 24.28 percent with an increase of 6.07 percent over the previous year and market share of public sector was 75.72 percent with decline of 6.08 percent over previous year depicted in fig. 5. In 2006-07 market share of public and private sector were 61.52 percent and 38.48 percent. As in 2007-08 private market share increased by 38.80 percent and public sector declined by 61.20 percent. In 2009-10 market share of private sector declined by 1.94 percent and public sector market share increased by 1.94 percent. In 2010-11 market share of public sector was 60.15 percent and market share of private sector was 39.85 percent. In 2011-12, 37.98 percent and 62.02 percent market share were captured by the private and public health insurers. From the above analysis, it has come to light that the private health insurers have give a tough competition to the public health insurers due to proliferation of private health insurers, intensive covering of rural areas with introduction and launch of new customer friendly health insurance products.



Source- www.irda.gov.in

Figure 5. Market Share of Public and Private Health Insurance Sector (In Percentage)

V. Conclusion

The rising trend of the share of health portfolio indicates the awareness level of consumers. It means general public is becoming conscious about their health and the economic consequences of falling sick. They are gradually realizing the significance of health insurance in today's precarious world. Considering the premium, private sector has contributed maximum to non life insurance sector as compared to public health insurers. The gross domestic premium of health portfolio has shown an increasing trend between 2002-03 and 2011-12 i.e. from Rs. 1002.18 crores to 13344.99 crores revealing the compounded growth of 35.21 percent. The total gross premium has shown upward trend continuously from Rs. 1002.18 crores to Rs. 12908.85 crores in years 2002-03 to 2011-12. The gross premium of public and private sector health insurance has increased from Rs. 940.51 crores to Rs. 8006.02 and Rs. 61.67 crores to Rs. 4902.83 crores during the period under study. It has been found that the level of gross premium has been rising in health insurance sector. However, private sector has evinced interest in non life insurance sector as compared to public health insurers. In 2011-12 the overall growth was fallen by 14.72 percent whereas private and public sector also registered fall of 20 and 11.22 percent respectively. In 2002-03 the market shares of private health insurers and public health insurers were 6.16 percent and 93.84 percent. The market share of private players increased to 37.98 percent and public sector decreased to 62.02 percent in year 2011-12. From the above discussion, it is clear that all the private players have shown that they are tough players in health sector. Though the ICICI general insurance ranks top in private sector and New India Assurance ranks top in public sector with maximum contribution of premium over the years. The premium level and index of aware about the benefits of health insurance and its importance in growth of health insurance business has been steadily rising up in India. The growth rate of private sector has higher than that of public sector. The market share of private health insurers has been increasing and public health insurers has been decreasing, due to number of increasing private health insurers, competition compulsions and coverage of rural areas with new and innovative products. Further, welcoming markets, customers' willingness to buy insurance, the huge product base, the wide array of distribution channels and the regulators are waiting for the insurer's active participation in both urban and rural areas. The number of persons covered under health insurance has been also steadily increasing over the years. Considering the vast potential for health insurance coverage any increase in this segment appears to be meager.

This study may help us better understand the concept of health insurance in the context of developing and developed countries. Trends in this field reveal the increasing role of private insurers as compared to the public insurers. It may enlighten the general public about the growth and market share of different insurers in the field which may enable them to choose suitable health insurers. India has limited awareness and experience of health insurance, Given that government has liberalized the insurance industry; health insurance is going to develop rapidly in future. There is demand for new products in the health insurance market with optimal pricing, preventive care, out-patient coverage and long term care needs to be addressed with utmost flexibility in options such as continuity/ renew- ability and portability. Government can provide a comprehensive health insurance cover to all citizens of the country. This is a progressive step to consider both supply and demand side financing models to deliver healthcare in the country. This will complement Government's efforts towards strengthening public healthcare delivery system through initiatives like NRHM, free medicines etc. However, to make this a reality, Government will have to take a decision regarding making health insurance mandatory in phased manner.

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