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# Linkage between Premium Collection Intensity and Performance Indicators – A Study on Selected Health Insurance Companies of India

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**Abstract:- In recent years, health insurance sector has become one of the fastest growing sectors in India. India still offers a huge untapped market for health insurance. Thus, not only increasing numbers of general insurers, but some standalone health insurance companies have also penetrated into the industry, challenging others with better offers and wide array of services. The present study is an endeavour to fill up the existing research gap by testing the existence of linkage between the financial parameter (i.e.; dependent variable) 'premium collection intensity' and selected performance indicators (i.e.; independent variables), namely; 'Incurred Claim Ratio', 'number of offices', 'market share' and 'number of policies issued' over the five years i.e., from 2013-14 to 2017-18 by the six Standalone Health Insurance (SAHI) companies operating in India at present using multiple correlation analysis. The study is based on secondary data and the findings show that there is strong correlation between the dependent and independent variables and hence it can be concluded that premium collection intensity of the selected health insurance companies has significant degree of linkage with the performance indicators considered in the study.**

***Keywords:-*** *Health Insurance; Premium Collection Intensity; Performance Indicators; Linkage; SAHI Companies.*

## I. INTRODUCTION

Before liberalization, when India was a closed economy, financial institutions were facing decrease in their interest margin. This was due to the rise in competition, changes in technology, and the deregulation of the financial sector as well as globalization. The major source of income by banks is interest income. The insurance companies were also facing many difficulties in selling their insurance products through insurance agents. As the economy was downsizing, financial performance of banks and insurance companies were also deteriorating. Banks and insurance companies were in need of alternate source to increase their income. Indian economy went through several changes when the first set of reform was announced by the government of India in the year 1991. After liberalization in 1991, many changes in the government policy occur; among them, insurance sector is one which got a major boost. Insurance Regulatory and Development Authority of India (IRDA) was set up as an autonomous body under the IRDA Act, 1999 to regulate the Indian insurance market to protect the interests of the policyholders and for overall growth of the industry. It regulates and monitors all the insurance companies (including those involved in the health insurance business) operating in India. Indian insurance companies and banks were in the hands of public sector until 2000. From the first decade of 21$^{st}$ century, health insurance started getting due importance. Initially health insurance was offered by general insurers. Later, several companies started coming up with various health insurance services as a separate product line. They started dealing solely in health insurance products and hence are known as Standalone Health Insurance (SAHI) companies. Health insurance premiums have been registering a significant Compound Annual Growth Rate (CAGR) of 24.6% in the preceding ten F.Y. The Gross health insurance premium underwritten which was Rs. 2221 crores in the year 2005-06, has increased to Rs. 20,096 crores by 2014-15 (Bandyopadhyay et al., 2018). The premium collection in health segment continued to surge ahead at Rs. 41,981 crores in 2017-18 from Rs. 34,527 crores of 2016-17, registering growth of 21.59%. The six standalone health insurers together registered a growth rate in premium collection of 41.93% against 41.06% growth rate during the previous year. The market share of health segment has increased to 27.86% from 26.95% of the previous year. As a result, the standalone health insurers taken together infused a total capital of Rs. 217 crores, which is almost 6.59% of the total capital, infused by the general insurers and re-insurers to their equity capital base. The number of lives covered under health insurance policies during F.Y. 2014-15 was 28.80 crores (Lama et al., 2015). During 2017-18, the general and health insurance companies have issued around 1.47 crore health insurance covering a total of 48.20 crore lives and registered a growth of 10% in number of lives covered over the previous year. In terms of number of lives covered, three fourth of the lives were covered under Govt. Sponsored Health Insurance schemes and the balance one fourth were covered by group & individual policies issued by general & health Insurers during the F.Y. 2017-18 (IRDA Annual Report, 2018). Thus, undoubtedly it can be said that health insurance plays a great role in shaping Indian economy today.

In recent years, health insurance sector has not only become one of the fastest growing sectors in the non-life insurance industry in India, but it is also emerging as a significant business for non-life insurance sector. Different reasons including increasing awareness of health insurance, rising healthcare costs etc. have become the driving factors for more people to go for health insurance in the last few

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years. Costs of hospitalisation, treatment expenses etc. may be beyond the reach of many, while taking resort to any health insurance policy is much more affordable option. Thus, the increasing popularity of health insurance is very obvious in a country like India with low per capita income. India still offers a huge untapped market for health insurance. Thus, not only increasing numbers of general health insurers, but some standalone health insurance companies have also penetrated into the market, challenging others with better offers and wide array of services. Looking at the changing face of the society and the participation of increasing number of health insurance companies a need of in-depth analysis in this regard is immensely felt.

## II. REVIEW OF LITERATURE

For this study the following literatures were considered–

- Rama et al. (1994) emphasized their research on assessing the structure of health care facilities in public sector; private sector; and voluntary sectors. They also examined the utilization patterns for both the inpatient and outpatients care in different states of India. Their study revealed that there exist significant variations in the accessibility of the non-government health services. They found that in majority of the states, public healthcare was the only solution. However, there have been significant changes across the nation in last few decades, and hence exploring recent studies can be effective and significant.
- Baltelsmit and Bouzouita (1998), in their paper, examined the relationship between profitability and market structure in automobile insurance and tests for the existence of a positive relationship between concentration and performance. The data for the study pertained to the period 1984 to 1992. The results showed a significant positive impact of concentration on profitability for combined liability and physical damage lines in private passenger automobile insurance.
- Bishnoi and Saharan (2007) in their article 'Health Insurance in India: Introspects and Prospects' published in The ICFAI Journal of Risk & Insurance, Vol.4 (3), had shown that the market trend, penetration level of health insurance business, the premium level and index of growth of health insurance business is continuously rising up in India. The study further found that market share in health portfolio of private sector players will overrule that of the public sector players and will grab the maximum share by 2010.
- S. Desai (2009) in the article 'Keeping the Health in Health insurance', published in Economic and Political Weekly, on September 19, Vol. 44(38), observed that large majority of Indian population depends 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.
- Devadasan et al., (2010) in the article 'Performance of Community Health Insurance in India: Findings from Empirical Studies', at First National Conference on Bringing Evidence into Public Health Policy, Bangalore, India stated that health insurance is considered as a protective measure against the harmful effects of out-of-pocket payment. Most of the people and especially the poor in India are not covered by health insurance.
- Verma et al., (2013) explained that health insurance is the reduction or elimination of the uncertain risk of loss for the individual or household. The study analyzed that financing on hospitalization shows a large proportion of people either borrow money or sell assets to pay for hospitalization especially among below poverty line population.
- Bandyopadhyay et al., (2018) in their article "Penetration of Health Insurance Business in India: An Insight" published in the book titled Emerging Issues in Accounting, Finance and Taxation had made a comparative analysis among the health insurance players. The findings of the study show that private insurers excel the public companies in terms of most of their performance measurement indicators.

### *A. Research gap:*

From the literature studied, it was found that there is dearth of research works focusing on the linkage between premium collection intensity and certain performance indicators of Standalone Health Insurance (SAHI) companies at recent times. Although certain works have been done focusing on Indian health sector industry, there is still lack of proper insight towards research works focusing only on the SAHI companies. Most of the existing research works focus on the efficiency, penetration and performance of health insurance sector in India either by providing an overview of the sectoral growth or making a comparison of performance among the existing health insurers by taking them individually, or by classifying them into two groups; namely, public sector and private sector companies. Thus, the present study is an endeavour in this direction and tries to fill the existing gap up of research by analysing the relationship between premium collection intensity and performance indicators and also by making a comparative analysis among the six SAHI companies operating in India

### *B. Objectives of the study*

➢ *General Research Objective:*

The main objective of the study is to find out if the selected performance indicators have any impact on the premium collection intensity of the SAHI companies under study.

➢ *Specific Research Objectives:*

The specific research objectives of the study are as under –

- To analyse the performance of the SAHI companies providing health insurance services in India in terms of premium collection intensity as well as certain performance indicators.
- To make a comparison among the six SAHI companies on the basis of the selected indicators.
- To understand whether the selected performance indicators have any relationship with premium collection intensity of these companies.

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## III. RESEARCH METHODOLOGY

This study is a work of quantitative & exploratory research. The study uses quantitative approach as data collected have been interpreted by using some basic statistical tools and also the multiple correlation analysis has been used to find out the relationship of dependant variables with the independent variable under study, if any. For the purpose of this study, secondary data have been used. It solely relies on secondary information collected reviewing extent literatures such as several working papers on health insurance, articles published in reputed journals of reputed institutions, IRDA Annual Reports etc. This study considers five variables, namely; premium collection intensity, Incurred Claim Ratio, number of offices, market share and number of policies issued for the selected companies over the five years i.e., from 2013-14 to 2017-18, of which the former has been chosen as the dependant variable and rest are considered as independent variables. For comparing the performances of the SAHI companies, premium collection intensity over the said five years have been used. Premium collection intensity refers to average premium collected from the insureds, i.e.; Gross Premium Collected / Number of persons insured. Incurred Claim Ratio, number of offices, market share, number of policies issued and number of lives covered for the selected companies over the said five years have been considered as performance indicators. Further, the study aims to check whether there is any linkage between premium collection intensity and the performance indicators of the selected companies with the help of multiple correlation analysis. The present study aims to cover a total of six standalone insurance companies whose core business is health insurance; namely, Aditya Birla Health Insurance Company Limited, HDFC ERGO (formerly Apollo Munich Health Insurance Company Limited), ManipalCigna (formerly Cigna TTK) Health Insurance Company Limited, Max Bupa Health Insurance Company Limited, Religare Health Insurance Company Limited and Star Health & Allied Health Insurance Company Limited. Thus, the full population of SAHI companies have been taken into consideration for the study.

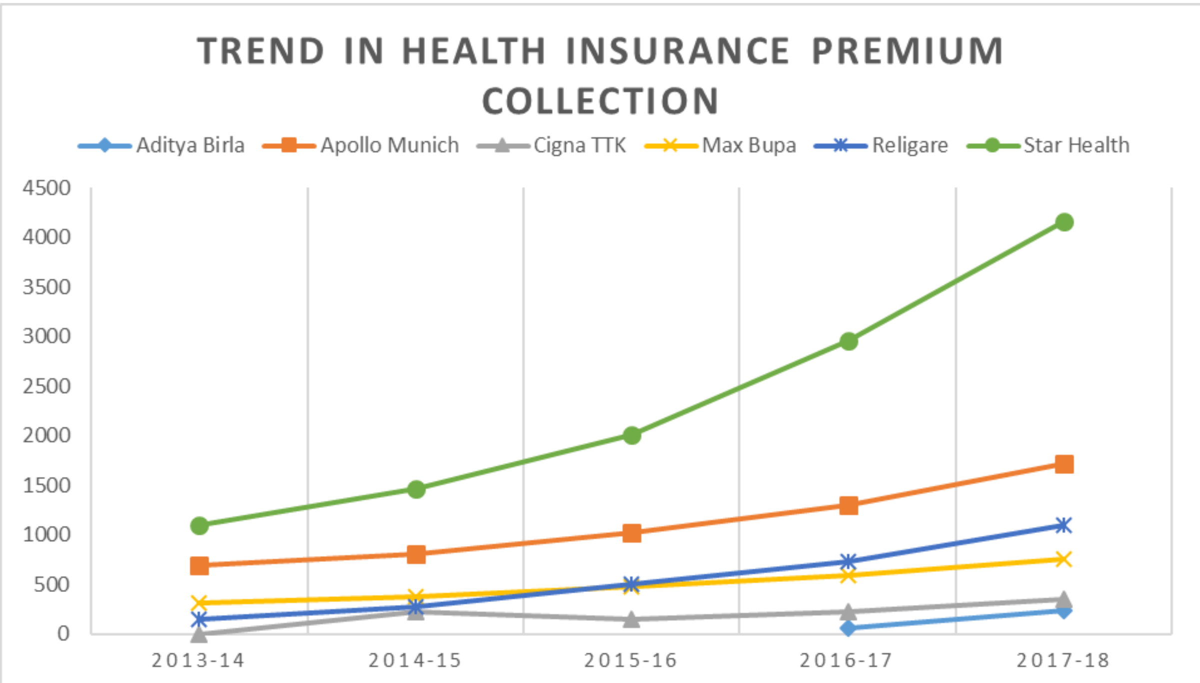
For the purpose of the study, the following hypotheses are made:

***$H_0$:** There is no linkage between premium collection intensity and performance indicators*

***$H_1$:** There is linkage between premium collection intensity and performance indicators*

*A. Trend in health insurance premium collection:*

The general insurance industry including SAHI underwrote total direct premium of Rs. 1,50,662 crores in India for the F.Y. 2017-18 as against Rs. 1,28,128 crores in F.Y. 2016-17, registering a growth rate of 17.59% as against 32.94% growth rate recorded in the previous year. The public sector insurers exhibited growth of 12.58% in F.Y. 2017-18, over the previous year's growth rate of 26.27%. The private general insurers registered a growth rate of 21.59% as against 35.55% growth rate during the previous year. The standalone health insurers registered a growth rate of 41.93% against 41.06% growth rate during the previous year. Data shows that there is an increase in premium collection of almost all the SAHI companies over the five years. Aditya Birla, which started its operation in late 2016, has also managed to earn significant amount of premium during F.Y. 2017-18, within just one year of its operations. Cigna TTK has witnessed a drop in premium collection during F.Y. 2015-16; however, in later years it managed to increase its amount of premium collection. Although all the companies performed well, Star Health continues to be the leader in the said parameter and has added a significant amount in its account in the F.Y. 2017-18.




*Source: Compiled by researcher from IRDAI Annual Reports 2013-14 to 2017-18*

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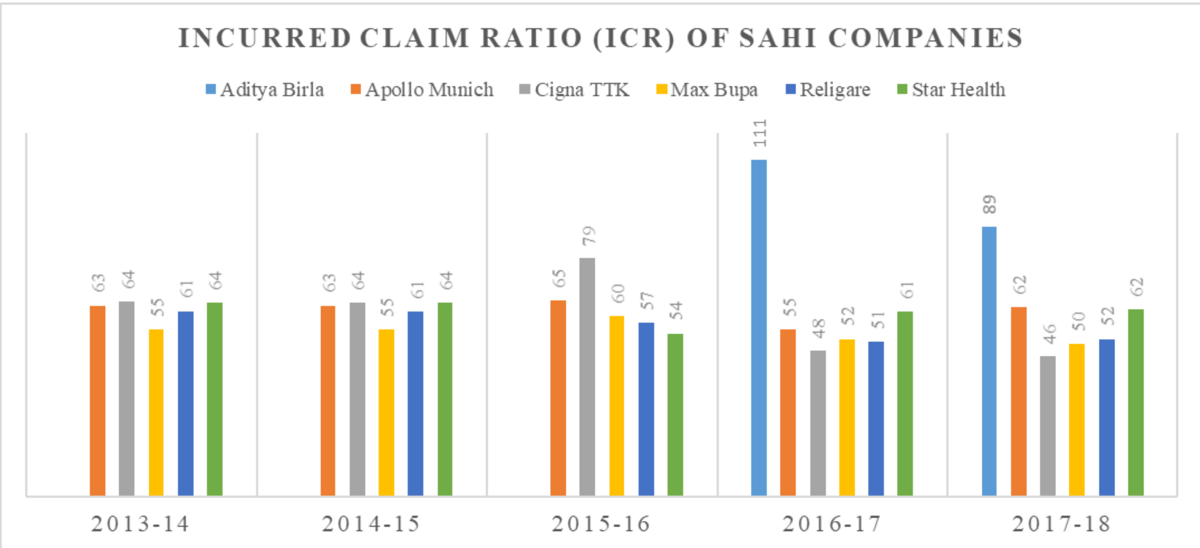
As seen from the diagram above, the gross health insurance premium collected by all the companies show an overall increasing trend for the last five FYs. Star Health, having the first mover advantage, does not only continue to be the market leader throughout, but also has managed to increase its gross premium collection significantly for the last three FYs. Religare, on the other hand shows a steady growth. In the year 2013-14 the amount of gross premium collected by the said company was less than Max Bupa. However, by the year 2017-18 it has managed to surpass Max Bupa in terms of health premium collection in spite of its growing trend in premium collection. Thus, it may be said that the growth rate of Religare in terms of health premium collection is more than that of Max Bupa. Surprisingly, Aditya Birla, which started its operation from 2016, has shown significant growth in premium collection and has reached close to the gross premium collection figures of Cigna TTK.

### B. *Incurred Claim Ratio:*

It is the overall value of every claim that a company has paid divided by the total sum of premium collected during the same period. Thus, *Incurred Claim Ratio = Net Claims Incurred / Net Earned Premium.* Incurred Claims Ratios are generally calculated on an annual basis and the reports are published by IRDA. It shows the ability of a company to make payments towards claims.

If the ICR of a company is more than 100%, it indicates that the amount of money given away by the company as claim is more than the amount of money collected by the company as premium. As a result, the company will find it hard to sustain itself, and as a result, will either resort to rejecting some borderline claims, raise the premium to better manage claims, or change their product altogether. If the ICR of a company lies between 50% and 100%, it implies that the company has collected more money as premium than it has given away as claims. In such cases, the company makes profits and means that the company has not only produced a quality product, but has also succeeded in selling it to customers. If ICR is less than 50%, it means that the company is either hardly giving out claims or is making relatively large profits. However, it is not considered good from the objective point of view of health insurance business. Thus, the perfect value of ICR should range between 75% and 90%.




*Source: Compiled by researcher from https://www.bankbazaar.com/health-insurance/incurred-claim-ratio-irda-data.html*

Data shows almost no company was able to achieve “ideal ICR” benchmark. However, except Aditya Birla, all of them have managed to keep their ICR between 50% - 100% throughout these five years taken under consideration. While ICR is a fine yardstick with which the performance of a company can be measured, it is not the sole consideration on which the reputation of an insurance provider depends. It does not tell the whole story as it does not take into account the time taken for the settlement of claims. Moreover, insurers who operate start-ups may not have earned a substantial amount of money through premiums initially in its first few years of operations. As a result, the ICR of the company may be more than 100% indicating that the insurer is incurring losses due to the fact that the claim incidence in the initial years may have been significantly higher. This is exactly what happed with Aditya Birla, which started its business in late 2016.

### C. *Number of offices of SAHI companies:*

Number of offices that a health insurance company have is an important parameter of growth in terms of market share and revenue generation of the company. This is because having a greater number of offices ensure maximum outreach to common public and potential customers. It does not only create awareness relating to the necessity of health insurance among the local people, but also paves the way for their easy access to the representatives of the companies for purchasing of health insurance products and services.

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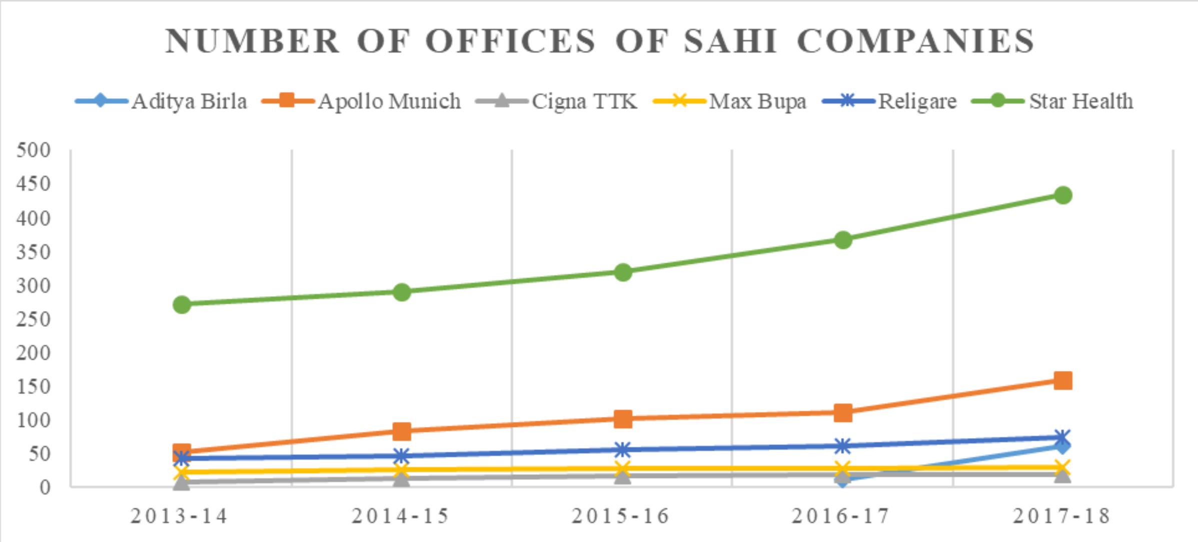
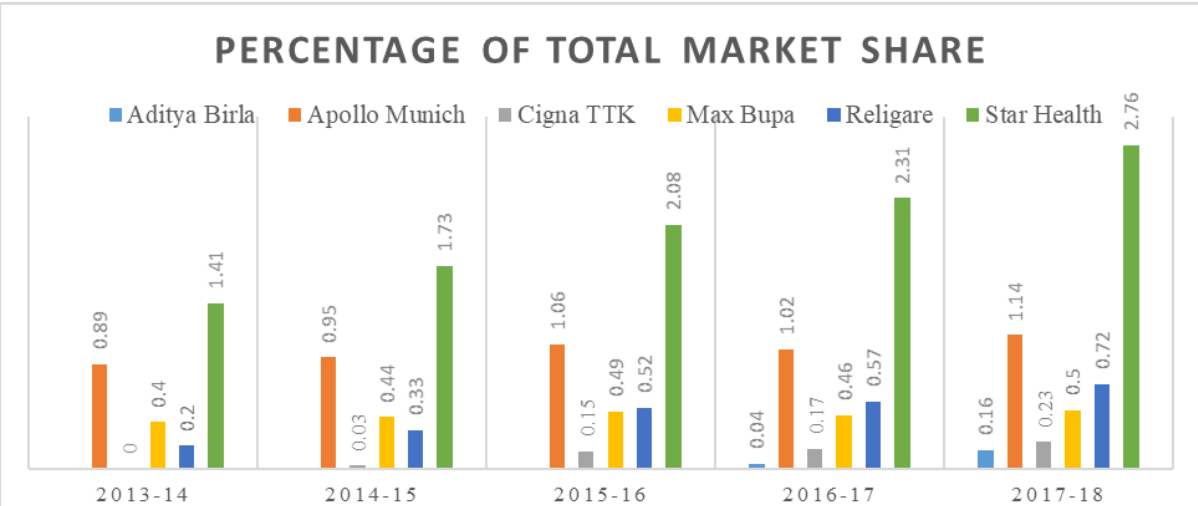



*Source: Compiled by researcher from https://www.irdai.gov.in/ADMINCMS/cms/frmGeneral_Layout.aspx?page=PageNo3472&flag=1*

From the figures, it is evident that all the SAHI companies have notably increased the number of their offices over the years which in turn has added to their amount of premium collected. This is because, these companies have become more recognised and accessible by general public due to their increased number of branches and has secured the public confidence to make these SAHI companies their health insurers. Further analysis of data shows that Star Health has the maximum number of offices and it continues to add on to the existing number over the years. Apollo Munich has managed to open good number of offices in between the FYs 2016-17 and 2017-18. Aditya Birla, though a very new entrant in the market, has opened too many offices within just one and a half years superseding Cigna TTK and Max Bupa, and almost touching Religare in terms of the number for better recognition and accessibility by the customers.

*D. Percentage of total market share:*

Market share of a company denotes the portion of a market controlled by a company. Market share represents the percentage of an industry, or a market's total sales, that is earned by a particular company over a specified time period. Market share is calculated by taking the company's sales over the period and dividing it by the total sales of the industry over the same period. This metric is used to give a general idea of the size of a company in relation to its market and its competitors. Market share increases can allow a company to achieve greater scale with its operations and improve profitability. A company can try to expand its share of the market, either by lowering prices, using advertising or introducing new or different products. In addition, it can also grow the size of its market size by appealing to other audiences or demographics.




*Source: Compiled by researcher from IRDAI Annual Reports 2013-14 to 2017-18*

Figures show that over the years all the companies have managed to increase their market shares. This is mainly because of two reasons. Firstly, the health insurance market is growing at an increasing rate, which contributes to the overall growth of market shares of all the SAHI companies. Secondly, these companies being specialised for providing health insurance products and services have earned the confidence of potential customers. As a result, in case of health, they prefer SAHI companies as their insurers, rather than the general insurance companies. Moreover, the facility

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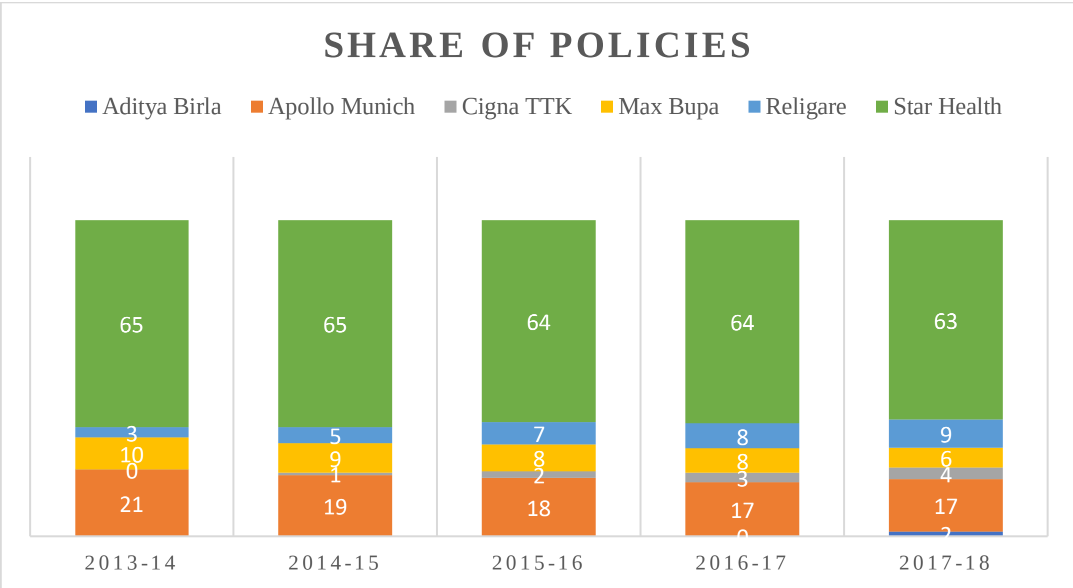
of insurance portability service has also contributed to such increase in market share of the SAHI companies, as changing the insurer has now become free of hindrances. Cigna TTK, which started its operations from February, 2014 has also managed to capture significant market share over these five years period. Similarly, Aditya Birla, which started its operation in late 2016, has also been able to increase its market share notable within just one-year time. Looking at the table above, it can be concluded that all the SAHI companies have successfully increased their market shares over time. Their attractive pricing and lucrative product offers have made the SAHI companies grow altogether increasing their total market share from 2.89% to 5.52% in just five years. It also represents that people are now becoming more interested to purchase health insurance products from SAHI companies because of their specialized services and personalized schemes rather than from non-life insurers dealing in health insurance products.

*E. Number of policies issued:*

The number of policies issued by all the SAHI companies has increased over the years. This has caused a significant increase in premium collected by all the companies over the years. Star Health, being the market leader has been able to sell off maximum number of policies for all the five years under consideration. Apollo Munich stands in the second position just after Star Health. Aditya Birla, being the latest entrant in the industry, has the minimum number of policies issued of all. However, the rate at which it is issuing new policies and adding new customer is commendable.



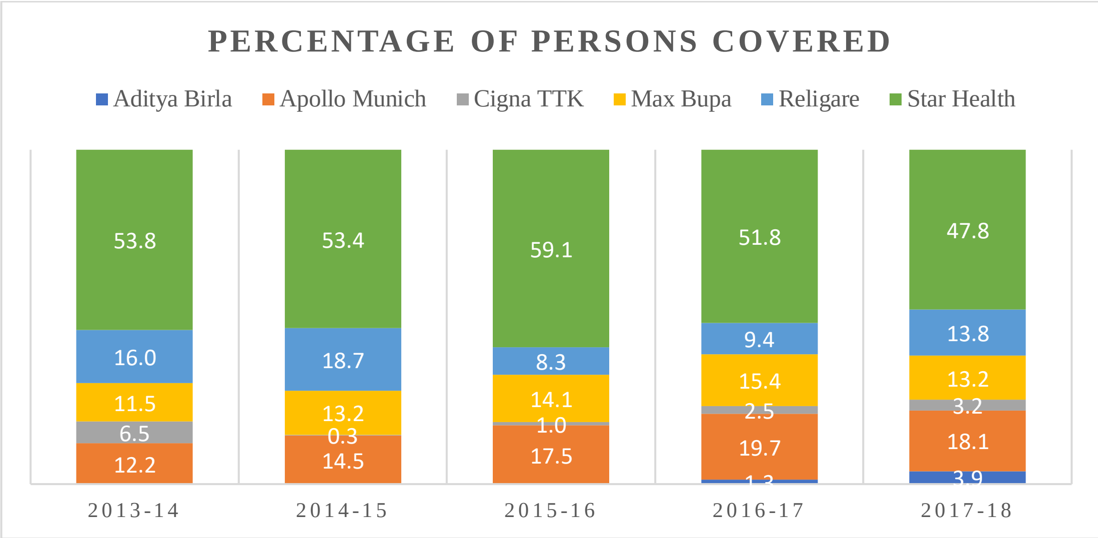

Figures in %

*Source: Compiled by researcher from IRDAI Annual Reports 2013-14 to 2017-18*

Considering the share of new health insurance policies issued by the individual companies on the total number of new health insurance policies issued by all the SAHI companies together, it is seen that over the years the share of Star Health, Apollo Munich and Max Bupa has slightly decreased, whereas share of the other three SAHI companies including Aditya Birla has increased. Attractive health schemes, low premium cost and tie-ups with banks (i.e.; bancassurance) and other corporate organisations have contributed to such growth in the share of new health insurance policies issued of these companies.

*F. Number of persons covered:*

This is an important indicator both in terms of understanding the premium collection trend as well as it has significant social implication. In a developing country like India, where insurance density and penetration are very less, a growth in the number of persons covered under any of the health insurance policy of any company is a sign of development in economic well-being. Insurance is a contract of indemnity, not profit. Thus, though profit cannot be earned out of multiple policies on the same person, still there is a tendency to have more than one policy in the name of the same insured to ensure minimum out of pocket expense in case of repudiation of a valid claim by any company.




Figures in %

*Source: Compiled by researcher from IRDAI Annual Reports 2013-14 to 2017-18*

The figures clearly shows that Star Health has covered maximum number of persons throughout the five FYs under study. There is a cut-throat competition among Apollo Munich, Max Bupa and Religare for the position of second, third and fourth company in terms of coverage of persons for all these five years. However, the figures are much less as compared to the figures exhibited by Star Health. Significantly, Aditya Birla has covered commendable number of persons under its health products within just one year of starting its operations. When considered the percentage of persons covered by each company on the total number of persons covered by SAHI companies, it is seen that the results are fluctuating every year. Apollo Munich and Aditya Birla have been able to increase the percentage of persons covered over the years, whereas, percentage of persons covered has decreased for Star health over the said five years. In case of the other SAHI companies, the percentages show a dip during the period of 2014-15 to 2016-17; however, they have been able to regain their positions in terms of percentages of persons covered in the year 2017-18.

*G. Linkage between premium collection intensity and other selected parameters:*

Premium collection intensity refers to average premium collected from the insureds, i.e.; Gross Premium Collected / Number of persons insured. It basically represents the amount of premium collected per person. Since, the size of the companies is different, they are not comparable only on the basis of gross premium collected. Thus, in order to standardise the variable, a new variable has been obtained namely premium collection intensity, which acts as the dependent variable in this study. The independent variables are Incurred Claim Ratio, number of offices, market share and number of policies issued. In order to avoid the problem of multicollinearity, number of persons covered by the said insurance companies has not been taken into account as an independent variable.

In this study, the dependent variable is a financial performance indicator, whereas the independent variables are operating performance indicators. Thus, this study aims to find out whether there is any linkage of the operating performance indicators with the financial performance indicator; i.e., if any correlation of the independent variables exists with the dependent variable. For this purpose, the relationship has been analysed using the statistical tool 'multiple correlation' with the help of statistical package software IBM SPSS (Version 15). For this purpose, the following hypotheses are made:

$H_0$: There is no linkage between premium collection intensity and performance indicators

$H_1$: There is linkage between premium collection intensity and performance indicators

The results have been tabulated as under –

Table 8: Correlation between dependent and independent variables

| **Performance Indicators** | **Premium Collection Intensity** | | | | | |
|---|---|---|---|---|---|---|
| | **Aditya Birla** | **Apollo Munich** | **Cigna TTK** | **Max Bupa** | **Religare** | **Star Health** |
| Incurred Claim Ratio | -0.4258 | -0.3817 | -0.1963 | -0.5682 | -0.9176 | -0.081 |
| No. of offices | 0.8735 | 0.9667 | 0.0882 | 0.9621 | 0.7998 | 0.9799 |
| % of total market share | 0.943 | 0.8585 | 0.3946 | 0.8657 | 0.8779 | 0.968 |
| No. of policies issued | 0.9712 | 0.9667 | 0.3845 | 0.9562 | 0.827 | 0.993 |

*Source: Computed by researcher using IBM SPSS (Version 15) and compiled*

As the results suggest, all the independent variables considered in the study have high correlation with the dependent variable. Incurred Claim Ratio portrays a negative correlation, whereas all the other independent variables show a positive correlation with the dependent variable. This is because Incurred Claim Ratio = Net Claims Incurred / Net Earned Premium, which shows the ability of a company to make payments towards claims. Since, a greater number of claims incurred causes more drainage of funds, its impacts the premium collection intensity adversely. The other independent variables, namely, number of offices, market share and number of policies issued helps in adding more customers to the companies' credit, and hence they show a positive correlation with premium collection intensity. Incurred Claim Ratio highly impacts the premium collection intensity of Religare. However, for the other companies, the value of correlation is comparatively less. If talked about the other variables, most of them exhibit very high correlation value for all the companies (i.e., 80% or more), except Cigna TTK in terms of number of offices, market share and number of policies issued. This is because as compared to other SAHI companies, growth of Cigna TTK in terms of premium collection was minimum during the last five years. Whereas, the independent variables under study show a stable growth over the said period. Thus, the value of premium collection intensity is low. Predatory pricing strategy, default in amount of premium collection etc. are the reasons behind such low premium collection intensity in spite of favourable growth in the said independent variables. Thus, it may be concluded that there is strong correlation between the dependent and independent variables under the study and hence it can be understood that the operating performance indicators have significant degree of linkage with the financial performance indicator under study, which also conforms to the theory and findings derived by reviewing extent literatures. Hence, the alternative hypothesis (i.e., $H_1$) is accepted rejecting the null hypothesis (i.e., $H_0$).

## IV. CONCLUSION

Historically health insurance is recognized as one of the important elements of health care. While the prevalence of health infrastructure and the technological advancements in medical field may offer a succour, they do not completely substitute for health insurance. The insurance sector in India which initially covered certain areas like life, motor, marine insurance is gradually making rapid strides to cover the exclusive health risks contingent on human lives. Health insurance premiums have been registering a significant CAGR of 24.6% in the preceding ten years. The Gross health insurance premium underwritten which was Rs. 2,221 crores in the year 2005-06 has increased to Rs. 20,096 crores by 2014-15. The number of lives covered under Health insurance policies during FY 2014-15 was 28.80 crores. As per the Census of India 2011, the population of India was 121.02 crores. As such, assuming that only one policy has been issued to one person, it may be estimated that approximately 24% of India's total population has been covered under any of the health insurance policies during the FY 2014-15. It is projected that the non-life industry has the potential to reach Rs. 4,80,000 crores of Gross Written Premium by 2025. With about 25% market share in the non-life industry at present, the health insurance segment has a significant role in covering various sections of Indian population who are otherwise insurable, but not covered with any health insurance scheme.

Report of the committee on India Vision 2020 constituted by the then Planning Commission in its report in December 2002 has already recognized that health insurance can play an invaluable role in improving health care system in India. With the draft 'National Health Policy of 2015' targeting to influence the growth of the private health care industry and medical technologies to ensure alignment with public health goals; it is expected that there will be significant development in the availability of health infrastructure. Availability of health infrastructure also spurs the demand for health insurance. With an increase in the number of non-life insurers, there has been a significant improvement in the product innovation in the health insurance segment. Innovation in product development also offers ample opportunity to various categories of the population to get covered with much needed and specific health insurance solutions. Products are being brought out by various players for various non communicable diseases such as diabetes, cancer etc. The demand for specific health insurance solutions also leads to product innovation, which in turn enhances the penetration of health insurance. During the year 2014-15, under various Governments sponsored health insurance schemes (including RSBY) 21.25 crore lives (provisional figures) were covered. This is a potential market base down the line. When income earning capacity of these persons improves, they will turn as the potential market segment to buy the voluntary insurance from the insurance companies. Under these circumstances; keeping in view both the need and the potentiality of the sector, Insurance Laws (Amendment) Act, 2015 recognized health insurance as a class of business enabling the incorporation of standalone health insurance companies.

Recognition of health insurance as a standalone class of business is sure to usher in an era of improving an access to the health services to the entire range of population, thereby reducing the share of 'out of pocket' expenses in the overall expenses incurred towards health expenses. Recognizing health insurance as a class may result in a number of players entering this field as standalone health insurers. Insurance being the business of large numbers, it is essential that there is a demand from a wide range of the targeted population to enable the insurers to offer the range of products that cater to their health insurance needs. Availability of a number of players who offer health insurance solutions also enhances health insurance awareness leading to a reasonable demand that in turn helps in offering health insurance products at economical prices. Incidentally, the Government has also increased the maximum Foreign Direct Investment cap to 49% in the year 2014-15. This increase in FDI cap, coupled with recognizing Health Insurance as a special class, is likely to attract a number of players offering a range of health insurance solutions to the Indian insuring public.

## RECOMMENDATIONS

Findings of the study show that the SAHI companies are outperforming over the years. Moreover, new SAHI companies are starting their operations in order to capture the untapped market, understanding that there is a huge scope of penetration and expansion of the industry in Indian society. However, all the SAHI companies operating at present are private players. No public company has shown interested to enter into this segment so far. Since, public companies attract confidence from the masses, there is a huge scope for such companies in the industry. Almost all the non-life insurance companies now provide health insurance services, thus SAHI companies face tough competition from them. Hence, they need to further bring variety and speciality in the products and services offered by them to supersede the non-life insurers in terms of different performance indicators. Further, the small SAHI companies are much behind their competitors in terms of overall growth rate. Thus, they need to diversify their product portfolio and create own niche of services in order to sustain in the market profitably in the long run. The findings of the study show, operating performance indicators of a company have linkage with its financial performance indicators to a great extent. Thus, improving the operating performance of the companies may lead to a favourable impact in financial performance as well. Lastly, it is seen that all the SAHI companies taken together constitutes only 5.52% of the total market share of health insurance sector as on F.Y. 2017-18. Thus, the SAHI companies must conduct campaigns to make people aware about the importance of health insurance and they also need to promote their schemes more efficiently and effectively, so that their market shares in the industry increase.

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