

A STUDY ON KNOWLEDGE AND PERCEPTION OF HEALTH INSURANCE PLAN AMONG SALARIED INDIVIDUALS IN SALEM DISTRICT

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ABSTRACT: This study examines the knowledge and perception of health insurance plans among salaried individuals in Salem District. It aims to understand their awareness level, factors influencing purchase decisions, and overall attitude towards health insurance. The study is based on primary data collected through questionnaires. The findings show that while many individuals are aware of health insurance, their detailed understanding of policy features and benefits is limited. The study suggests that improving awareness and providing clear information can increase the adoption of health insurance.

KEYWORDS

Health Insurance, Awareness, Perception, Salaried Individuals, Salem District

INTRODUCTION

Health insurance refers to a financial arrangement that provides coverage against medical expenses incurred due to illness, injury, or hospitalization. It plays a vital role in protecting individuals from the financial burden associated with rising healthcare costs and unexpected medical emergencies. Health insurance policies generally cover expenses such as hospitalization charges, diagnostic tests, medical treatments, medicines, and in certain cases, preventive healthcare services. With continuous healthcare inflation, advancements in medical technology, increasing life expectancy, and the growing prevalence of lifestyle-related diseases, medical treatment has become expensive and often unaffordable without insurance support. As a result, health insurance has emerged as an essential component of personal financial planning, helping individuals manage health-related risks and ensuring access to quality healthcare services without severe financial strain. Salaried individuals, who depend largely on fixed and regular monthly income, face significant financial risks when confronted with sudden and unforeseen medical expenses. Although salaried employment offers income stability, it does not always provide the flexibility to manage large healthcare expenditures at short notice. Medical emergencies can disrupt household budgets, savings plans, and long-term financial goals. While many organizations offer employer-sponsored health insurance as part of employee welfare measures, such coverage is often limited in terms of sum insured, scope of coverage, and inclusion of family members. Consequently, salaried individuals may still require additional individual health insurance policies to ensure comprehensive financial protection.

In addition, varying levels of awareness and perception among salaried individuals regarding health insurance policies significantly influence their decision to purchase and utilize such policies. Awareness includes knowledge about policy benefits, coverage limits, premium structure, exclusions, waiting periods, and claim settlement procedures. Perception reflects the attitudes, beliefs, and opinions of individuals towards insurance providers and their services. Factors such as education level, income, past experiences with insurance claims, trust in insurers, advice from agents, and accessibility of information play a crucial role in shaping individuals' perception towards health insurance. A lack of proper understanding or negative perception often discourages individuals from opting for adequate insurance coverage.

In India, the health insurance sector has experienced rapid growth with the participation of both public and private insurance companies offering a wide range of products tailored to different income groups and healthcare needs. Government initiatives, regulatory support from insurance authorities, and increased awareness about health risks have further contributed to the expansion of health insurance coverage across the country. Group insurance schemes, individual health policies, family floater plans, and specialized health covers have made insurance more accessible to salaried individuals. However, despite these developments, a considerable portion of the salaried population either remains uninsured or underinsured due to lack of awareness, misconceptions about insurance benefits, and apprehensions regarding claim procedures and service quality.

Moreover, complex policy terms, lengthy documentation processes, and fear of claim rejection often create a negative perception of health insurance among salaried individuals. In some cases, individuals perceive health insurance as an unnecessary expense rather than a long-term investment in financial security. Such perceptions may arise from insufficient financial literacy, lack of transparent communication from insurers, or unsatisfactory past experiences. These challenges highlight the need to assess the level of awareness and perception of health insurance among salaried individuals in order to identify existing gaps and areas for improvement.

This study aims to examine the awareness and perception of health insurance among salaried individuals by analyzing their understanding of policy features, benefits, and overall satisfaction with insurance services. The study focuses on identifying factors influencing awareness levels, perception towards insurance providers, and the challenges faced during policy purchase and claim settlement. By evaluating these aspects, the study seeks to provide meaningful insights into the behavior and attitudes of salaried individuals towards health insurance. The findings of the study will be useful for insurance companies in improving product design and communication strategies, for policymakers in strengthening awareness initiatives, and for employers in enhancing employee insurance benefits. Ultimately, the study aims to contribute to improved health insurance awareness, better financial protection, and enhanced healthcare security among salaried individuals.

OBJECTIVES OF THE STUDY

- ❖ To assess the knowledge regarding health insurance plan among salaried individuals.
- ❖ To find out the factors influencing the salaried people to buy health insurance plan.
- ❖ To find out the satisfaction and problems faced by the salaried people in the health insurance plan.

STATEMENT OF THE PROBLEM

Health insurance plays a vital role in protecting individuals from the financial burden arising out of unexpected medical expenses. Despite the availability of various health insurance

plans offered by public and private insurance companies, the level of awareness and understanding of health insurance among salaried individuals remains uneven. Many salaried individuals either possess inadequate knowledge about policy features, coverage, exclusions, and claim procedures or hold misconceptions regarding health insurance plans. Although employer-sponsored and individual health insurance policies are increasingly available, several salaried individuals face challenges while purchasing and utilizing health insurance. Factors such as premium cost, lack of trust in insurance providers, complex policy terms, and difficulties in claim settlement influence their decision to buy health insurance plans. In addition, dissatisfaction arising from delayed claim processing, insufficient coverage, and poor service quality further affects the perception of health insurance among salaried individuals.

The problems related to limited awareness, influencing factors, and satisfaction levels highlight the need for a detailed study on health insurance among salaried individuals. Therefore, the present study seeks to assess the awareness regarding health insurance plans, identify the factors influencing the purchase of such plans, and examine the satisfaction level and problems faced by salaried individuals in relation to health insurance. Understanding these issues will help insurance companies, policymakers, and employers take appropriate measures to improve awareness, service quality, and overall effectiveness of health insurance plans.

SCOPE OF THE STUDY

The scope of this study includes a detailed analysis of the awareness and perception of health insurance plans among salaried individuals. Specifically, the study examines the level of awareness regarding health insurance policy features such as coverage, premium structure, benefits, exclusions, and claim settlement procedures. Additionally, the research explores the key factors influencing the purchase of health insurance plans, including income level, affordability, employer-provided insurance, trust in insurance providers, past experiences, and accessibility of information. Furthermore, the study analyzes the level of satisfaction and problems faced by salaried individuals at different stages of health insurance usage, including policy selection, premium payment, claim processing, and service quality. Issues such as lack of clarity in policy terms, delays in claim settlement, insufficient coverage, and customer service challenges are also examined. By focusing on these aspects, the study intends to provide valuable insights to insurance companies, employers, and policymakers for improving awareness programs, policy design, and service delivery related to health insurance plans among salaried individuals.

LIMITATION OF THE STUDY:

- ❖ The study is limited only to salaried individuals in Salem District, so results may not apply to other regions.
- ❖ The sample size is limited, which may not represent the entire population.
- ❖ The study is based on primary data collected through questionnaires, so responses may be biased or inaccurate.
- ❖ Some respondents may not have full knowledge about health insurance, affecting the quality of answers.
- ❖ Time constraints limited the depth of the study.

RESEARCH METHODOLOGY

This chapter describes the methods that were used in the study. It explains the research Design, data collection, profile of respondents, sampling method and procedures.

SOURCE OF DATA:

The study is based on primary data and secondary data.

PRIMARY DATA

The data those are collected as a fresh for the first time and happen to be original In character are called primary data. Primary data collected through questionnaire.

SECONDARY DATA

Secondary data consist of information that already exists somewhere, have been

Collected for another purpose.

Secondary data are collected from

- Website
- Books

SAMPLE SELECTED FOR THE STUDY:

A total of 120 respondents were selected for the study. Convenience sampling method

Has been followed for collecting the response from the respondents.

AREA OF THE STUDY:

The study area is limited to Coimbatore.

PERIOD OF STUDY:

The study has undergone a period of from December 2025 to March 2026.

TOOLS USED FOR ANALYSIS

To analyses the employees' perspicacity existing in Coimbatore city, the data collected

From the respondents were studied by means of:

> PERCENTAGE ANALYSIS

Simple percentage analysis= $\frac{\text{Actual Response} \times 100}{\text{Total number of respondents}}$

> CHI – SQUARE:

Chi square formula $\chi^2 = \frac{\sum(O_i - E_i)^2}{E}$

REVIEW OF LITERATURE

- **Stumaker A & Dr. V. N. Lakshmi Prasad(2025)⁽¹⁾** conducted a study on “**Customer awareness and adoption of health insurance among educated youth.**” The study aimed to understand the level of awareness, adoption behaviour and perception of health insurance among educated youth in India, particularly those aged between 18 and 30 years. It highlights that despite being educated and digitally literate, many young people delay purchasing health insurance.

the study collected primary data through a structured questionnaire using purposive sampling, covering students and young professionals in India. The analysis shows that although awareness of health insurance is relatively high, actual adoption remains low, with many youth depending on employer-provided policies. High premium cost, complexity of policy terms, and the belief that insurance is unnecessary at a young age were identified as major barriers. The study suggests improving financial literacy, simplifying policy communication, introducing youth-centric and affordable among educated youth.

- **Gayathri S and Dr. R. Purushothaman (2025)⁽²⁾** conducted a study on “Consumer Perception Towards Medical Insurance Policy with Special Reference to Chennai City.” The study focuses on understanding the awareness, perception, and factors influencing consumers’ decisions regarding medical insurance policies in Chennai. It also examines the barriers that prevent people from purchasing medical insurance despite rising healthcare costs. The main objectives of the study were to assess the level of awareness about medical insurance services and to identify the factors influencing and discouraging consumers from purchasing medical insurance policies. Convenience sampling technique was adopted, and primary data were collected from 100 respondents in Chennai city using a structured questionnaire. Statistical tools such as frequency analysis, multiple response analysis, Friedman ranking test, ordinal regression, and one-way ANOVA were used for data analysis. The findings revealed that a majority of respondents did not possess medical insurance, and awareness was mainly gained through family, friends, and online sources. High premium cost, complex policy terms, lack of awareness, and difficulty in claim procedures were identified as major barriers. The study also found that education, occupation, and income significantly influence consumers’ perceptions and decision-making. The study suggests that insurance companies should simplify policy terms, improve transparency, and conduct awareness programs to educate the public. Faster and more efficient claim settlement procedures would help increase trust and encourage wider adoption of medical insurance policies.

OVERVIEW OF THE STUDY

Health insurance can be understood in simple words as a financial arrangement where a person or a group gets medical coverage by paying a premium in advance. Instead of facing the full burden of medical expenses during illness or emergencies, the insured person receives financial support from the insurance provider. The basic idea behind health insurance is advance payment and sharing of risk among a large number of people, so that the cost faced by one person is supported by the pooled contribution of many policyholders. A health insurance policy mainly covers medical and surgical expenses of the insured individual. Depending on the policy conditions, the insured may either pay the hospital expenses first and later claim reimbursement, or the insurance company may directly settle the bill with the hospital through a cashless treatment facility. This support is especially helpful during emergencies, when arranging money quickly can be difficult. By reducing immediate financial pressure, health insurance allows individuals and families to focus more on treatment and recovery.

Access to Quality Healthcare

Health insurance improves access to quality healthcare

services by reducing cost barriers. Insured individuals are more likely to seek timely treatment and choose better hospitals when needed. Many insurance providers maintain network hospitals that offer cashless treatment facilities, enabling patients to receive medical care without immediate payment pressure.

Family Financial Security

Many health insurance policies extend coverage to family members such as spouse, children, and parents. Family floater plans allow multiple members to share a single sum insured. This is especially important for salaried employees who are primary earners in their households.

DATA ANALYSIS AND INTERPRETATION

table 1 shows age of the respondents

S.no	PARTICULAR	NO.OF RESPONDENT	PERCENTAGE
1	Below 25 years	42	20
2	26-35 years	80	38.1
3	36-45 years	53	25.2
4	46-55 years	23	11
5	Above 55 years	12	5.7
	Total	210	100

SOURCE: PRIMARY DATA INTERPRETATION

The above table shows that 38.1 per cent of the respondents are in the age group of 26-35 years, 25.2 per cent are between 36-45 years, and 20.0 per cent are below 25 years of age. Further, 11.0 per cent of the respondents are between 46-55 years, and 5.7 per cent are above 55 years. 38.1 per cent of the respondents belong to the age group of 26-35 years. The majority 38.1 per cent of the respondents belong to the age group of 26-35 years.

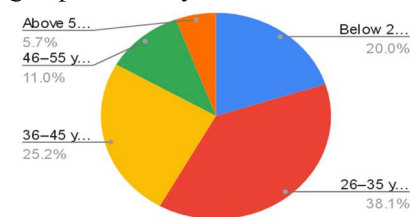


Table 2 shows cashless treatment facility provided under health insurance

S.no	PARTICULAR	NO.OF RESPONDENT	PERCENTAGE
1	Fully understands how it works	50	23.8
2	Knows availability of facility	58	27.6

3	Has limited understanding	69	32.9
4	Has only heard about it	33	15.7
	Total	210	100

SOURCE: PRIMARY DATA INTERPRETATION

The above table shows that 32.9 per cent of the respondents have limited understanding about the cashless treatment facility provided under health insurance, and 27.6 per cent know the availability of the facility. Further, 23.8 per cent of the respondents fully understand how it works, and 15.7 per cent have only heard about it.

The majority 32.9 per cent of the respondents have limited understanding about the cashless treatment facility provided under health insurance.

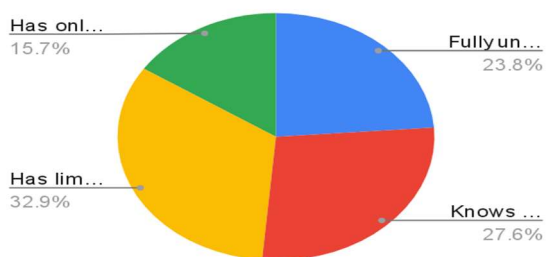


Table 1.1: Observed Frequencies (O)

Age Group	Individual Plans	Family Floater	Group Insurance	Critical Illness	Govt Schemes
Below 25	15	8	12	2	3
26-35	12	25	15	5	3
36-45	8	15	10	12	5
46-55	5	5	5	15	5
Above 55	2	2	3	8	10
Total	42	55	45	42	26

INTERPRETATION

H₀ (Null Hypothesis): There is no significant relationship between an individual's age group and their awareness level of different health insurance concepts.

H₁ (Alternative Hypothesis): There is a significant relationship between an individual's age group and their awareness level of different health insurance concepts.

Age Group	Awareness Concept	Observed (O)	Expected (E)	(O - E) ²	(O - E) ² / E
Below 25	Individual Plans	15	8	49	6.125
	Family Floater	8	10.476	6.132	0.585
	Group Insurance	12	8.571	11.755	1.371
26-35	Critical Illness	2	8	36	4.5
	Govt Schemes	3	4.952	3.812	0.77
	Individual Plans	12	12	0	0
36-45	Family Floater	25	15.714	86.224	5.487
	Group Insurance	15	12.857	4.592	0.357
	Critical Illness	5	12	49	4.083
46-55	Govt Schemes	3	7.429	19.612	2.64
	Individual Plans	8	10	4	0.4
	Family Floater	15	13.095	3.628	0.277
Above 55	Group Insurance	10	10.714	0.51	0.048
	Critical Illness	12	10	4	0.4
	Govt Schemes	5	6.19	1.417	0.229
Total	Individual Plans	5	7	4	0.571
	Family Floater	5	9.167	17.361	1.894
	Group Insurance	5	7.5	6.25	0.833
Total	Critical Illness	15	7	64	9.143
	Govt Schemes	5	4.333	0.444	0.103

Above 55	Individual Plans	2	5	9	1.8
	Family Floater	2	6.548	20.68	3.158
	Group Insurance	3	5.357	5.556	1.037
	Critical Illness	8	5	9	1.8
	Govt Schemes	10	3.095	47.676	15.403
TOTAL		210	210		63.015

RESULT

Calculated Chi-Square Value : 63.015

Significance Level : 0.05

Degrees of Freedom (df): $(5 - 1) \times (5 - 1) = 16$

Critical Table Value (df=16, $\alpha=0.05$): 26.296

The Calculated Value (63.015) is much higher than the Critical Value (26.296).

Conclusion: We reject the null hypothesis H_0 . There is a highly significant relationship between age and health insurance awareness. The most significant deviations occur in the oldest group's awareness of government schemes and the middle-aged group's awareness of critical illness plans.

FINDINGS:

- 51.0 per cent of the respondents are female.
- 38.1 per cent of the respondents belong to the age group of 26–35 years.
- 52.9 per cent of the respondents are Postgraduates.
- 68.6 per cent of the respondents are married.
- 44.3 per cent of the respondents have 4 members in their family.
- 40.5 per cent of the respondents earn below Rs.20,000 per month.
- 81.4 per cent of the respondents are employed in the private sector.
- 35.2 per cent of the respondents have health insurance plan covering their entire family.
- 51.9 per cent of the respondents have a moderate level of familiarity with health insurance concepts
- 51.9 per cent of the respondents have a moderate level of awareness about tax benefits available on health insurance
- 32.9 per cent of the respondents have limited understanding about the cashless treatment facility provided under health insurance.

- 38.1 per cent of the respondents have limited knowledge about waiting period conditions in health insurance policies.
- 42.9 per cent of the respondents have limited knowledge about policy exclusions in health insurance plans.
- 31.4 per cent of the respondents have opined that premium amount influences their decision to choose a health insurance plan.
- 39.5 per cent of the respondents consider the reputation of the insurance company as an important factor when selecting a health insurance plan.
- 46.7 per cent of the respondents say that tax benefits are a supporting reason to consider health insurance.
- 33.8 per cent of the respondents say that advertisements and online information influence their interest in health insurance.
- 33.3 per cent of the respondents say that past or expected medical expenses have a moderate impact on their interest in health insurance.
- 38.1 per cent of the respondents have a positive perception of health insurance plans.
- 37.1 per cent of the respondents say that the claim settlement process is mostly smooth.
- 38.1 per cent of the respondents say that coverage provided or expected under health insurance partially meets their expectations.
- 39.0 per cent of the respondents say that the premium payment process is manageable.
- 47.1 per cent of the respondents are satisfied with the customer support services of health insurance providers.
- 38.6 per cent of the respondents have neutral trust in health insurance providers.

SUGGESTIONS

- Insurance companies should introduce customized health insurance plans exclusively for salaried individuals with flexible premium structures based on income levels and payment convenience. Such tailored schemes can better match the financial patterns of salaried employees and encourage greater participation in health insurance.
- Insurance companies should increase the range of diseases and medical conditions covered under health insurance policies. Inclusion of critical illnesses, lifestyle-related diseases, and modern medical treatments will enhance the value of policies and motivate more salaried individuals to purchase health insurance.
- The claim settlement process should be simplified and made faster. Delays in claim processing often reduce customer satisfaction and trust. By adopting digital claim systems and efficient verification procedures, insurance companies can improve the overall customer experience
- The government should conduct regular awareness programs and campaigns to educate salaried

individuals about the importance of health insurance as a part of social security. Awareness regarding financial protection against medical emergencies will increase participation rates.

- Enhanced tax benefits and encouragement of employer-sponsored group health insurance schemes can significantly improve participation. Additional tax deductions and workplace insurance coverage will reduce the financial burden on employees and promote wider adoption of health insurance policies.

CONCLUSION

The study explores the participation and perception of salaried individuals towards health insurance in terms of factors influencing enrolment, awareness level, and satisfaction with policy services. The study emphasizes how health insurance is becoming increasingly important in shaping financial security decisions among salaried individuals. It highlights that affordable premium rates, wider

disease coverage, transparent policy terms, and efficient claim settlement procedures are generally preferred by policyholders, which increases their satisfaction level. The findings reveal that financial protection against rising medical expenses, tax benefits, employer-supported schemes, and trust in insurance providers motivate salaried individuals to invest in health insurance policies. At the same time, high premium costs, limited coverage, delay in claim settlement, and lack of complete awareness are considered as major barriers or concerns affecting participation. Hence, the study suggests the necessity of designing affordable and comprehensive insurance schemes, conducting effective awareness programs, improving customer-friendly services, and ensuring faster claim settlement processes. These measures will help insurance companies and policymakers to strengthen trust, improve participation rates, and promote long-term financial security and social protection among salaried individuals in the future.