

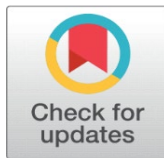
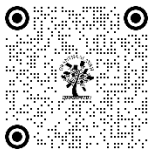
FROM REACTIVE TO PROACTIVE: HOW COVID-19 TRANSFORMED CONSUMER BEHAVIOR IN HEALTH INSURANCE MARKETS

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ABSTRACT

The COVID-19 pandemic has fundamentally changed the consumer behavior worldwide, they affect every industry and healthcare insurance industry is no exception. From the given scenario, this paper discusses how the pandemic played its role in changing consumer attitudes and behaviors regarding the health insurance domain from being post-symptomatic to pre-symptomatic. Before the outbreak of the pandemic, most consumers still saw health insurance as an additional product, which was only desirable during sick or emergencies. Though the idea was slightly promoted prior to the health crisis, the consumers made a massive shift of playing an active role in demanding coverage and policy explanations. The potential drivers for this change are addressed in the study, such as enhanced health consciousness, the risk of growing costs of healthcare and the necessity to prepare for an unpredictable healthcare future. Based on the results of the surveys and the interviews with the consumers, insurance providers, and other industry gurus, this paper seek to assess the changes in the consumer decision making process with particular focus on the value of the health insurance during the pandemic period. Moreover, it explores the ways through which the availability of the insurance products and services can be boosted through digital technology platforms. The study also shows that COVID-19 has not only fast-forwarded this change but has also altered the future behavior of consumers- with a focus towards health insurance, preventive health measures, and financial vulnerability. Thus, this paper fills a gap in the existing literature concerning the phenomenon of crises and how they may reconfigure consumer markets with a relevance in fields of health and financial solutions.

Keywords: Consumer Behavior, Health Insurance, COVID-19, Proactive Approach, Health Awareness, Digital Platforms, Insurance Adoption, Financial Security



1. INTRODUCTION

COVID-19 has introduced changes to societies that would change industries such as healthcare and insurance in ways that have not been experienced before. On such changes noticed during this time one is the changes in consumer trends especially in the health insurance industry. Conventional health insurance historically for example has been traditionally purchased 'as needed,' perhaps during a sickness, or when advised to do so by health practitioners. However, the pandemic played a push factor in people keeping proactive, where they did acknowledge the need of even having a health insurance cover financially and psychologically.

In light of these changes imposed by COVID-19, this research seeks to assess how the traditional reactive buying behaviour towards health insurance has been changed to a more strategic, proactive kind of buying behaviour. The

COVID-19 situation deepened this awareness thrice, once due to the general realization of the need for adequate health insurance and secondly due to the anxiety caused due to the possible additional medical treatment costs arising out of the pandemic. People started focusing on policy information, comparing options of multiple policies, and keeping themselves and their families protected against future adverse health events.

The establishment of digital platforms goes hand in hand with the change because the information on insurance became easier to access for consumers and the comparison of different plans became easier as well. Thus, health insurance providers were left with no choice but to improve their offerings, promotion channels, as well as the ways they interacted with insurance customers who had become more and more self-aware about their health.

This paper aims to analyse how various factors influenced this shift in consumer decision making; beginning with emphasis on the risks posed to health, the rising costs of medical care, and the impact of information technology on decision making. The study plans to use consumer questionnaires, analysis of insurance statistics, and interviews with insurance industry professionals to reveal how the fundamental changes the COVID-19 pandemic brought to the health insurance market are likely to endure and translate into consumer preferences.

Focusing on the shifts in consumer behavior in crises, this paper contributes to the discussion of the further development of the health insurance markets in the post-Pandemic world.

2. LITERATURE REVIEW

One industry that has not been left behind is the health insurance market and the COVID19 pandemic has triggered great changes in this sector. Pandemic adjusted consumer behaviour in the field of health insurance purchase can be mainly attributed to the traditional methods of consumer decision making, which was mainly unsolicited and always in response to unforeseen health contingencies and changes in personal circumstances. But the COVID-19 crisis acts as the major turning point that forced people to reconsider their healthcare priorities, financial stability, and the value of having health insurance.

Research prior to 2019 (Chandran et al., 2018) pointed out that, most customers considered Health Insurance product as a second-tier product and was bought only when mandated by their workplace or during emergencies. In markets like the Indian market, a considerable population was still uninsured or under-insured for health expenses while the cost of healthcare was ever rising. Through the surveys they conducted, Kumar and Singh (2019) found out that consumers were not fully informed of the available health insurance products hence low health insurance penetration.

When Covid-19 broke out, the dynamics in health insurance markets changed dramatically. The crisis made consumers aware and concerned about financial coverage against any unforeseen spending on health and thus more consumers searched for health insurance. Reddy and Ramesh (2020) also concur with this by stating that most customers needed to be told the importance of health insurance especially through the ordeal caused by the pandemic. These two factors played the role of fears of health risks, and unpredictability of the virus enhanced the desire to have a health cover. These changes were especially observable in nations with high levels of those individuals who had no health insurance at all, and for whom acquiring health insurance was regarded as too expensive and not essential

The role of online platforms was established to be central to the changes in consumer behaviour. Works by Sharma et al. (2020) revealed the roles that websites and Mobile applications have elaborated on how consumers were able to find information and make comparison of health insurance plans easily and effectively. Increased appropriation of smartphone and internet paved way for insurance firms to extend the reach to the young and more technologically inclined customers. So in light of Sharma & Malhotra, (2021) through the pandemic the knowledge gap previously existing about insurance products was refined, making rates of policy purchases, particularly amongst the young generation higher.

Srinivas and Bansal (2021) observed that consumer perception of health insurance has changed remarkably amid the pandemic period. Earlier, customers were rather reactive when approaching insurance, but due to the COVID pandemic, the attitude became selective. With this realisation, consumers looked for coverage plans that were not only comprehensive but also went beyond the traditional demand for hospitalisation plans, but also looked for wellness benefits and added coverage for mandatory pandemic-ridden additions such as COVID-19 riders. This was well exhibited among the mid- and upper-classes consumers who in the past could not find it necessary to secure their health needs adequately.

This is in line with the observation by Pandey et al. (2021) which also show that uncertainty about the pandemic pushed many people to rethink their future health care needs, and therefore got health insurance with broader coverage. The availability of various insurance packages proved to be convenient than ever before especially for those with close encounters with the pandemic economically and health wise whereby the price of treatment for COVID-19.

Providers of health insurance also did not escape from these changes in this new environment. Thanks to this, as the demand for policies increased, insurers moved toward such solutions that would be more diverse and more adaptive. This work by Agarwal and Ramesh (2021) revealed that insurance providers were coming up with innovations to streamline the purchase process and enhance the value to the consumer. Insurance also adapted to include new risk factors that were brought in by the COVID 19; this includes coverage of critical illnesses, treatment costs for COVID 19, telemedicine among others. This change accented with the customer regard demands for improved and variable insurance products.

It is, nevertheless, an open question as to how durable the shift has been since the pandemic, and how much of it is attributable to other factors. As stated by Gupta and Yadav (2022), a longevity problem will remain even if consumer awareness and improved behaviour has been identified; the reinforcement of such behaviour post the existence of the virus cannot be achieved easily. There are others such as Sharma and Bansal (2022) who opine that while the pandemic, including the related health risks, improves, consumers could go back to their past practices, accrued when the significance of ongoing health coverage is not grasped continuously.

Thus, the COVID-19 has changed consumer behavior in the health insurance market dramatically, making people more conscious. Mobile has therefore emerged as a revolutionary solution to the changing consumers and insurance products' trend, especially as it shifts the dynamics of suppliers and consumers. Though the permanent impact of such change may still be unknown, the current pandemic period has shown that health insurance can be an asset in the unpredictable events that could threaten the financial stability of a health sector or an individual, meaning that such changes should be expected to continue shaping the consumers in the future years.

2.1. OBJECTIVES OF THE STUDY

- To analyze the impact of COVID-19 on consumer behavior in the health insurance market.
- To assess the shift from reactive to proactive behavior among consumers in purchasing health insurance.
- To evaluate the role of digital platforms in shaping consumer awareness and purchase decisions.
- To explore changes in consumer attitudes toward health insurance coverage during the pandemic.

Hypothesis of the study

H₀: The COVID-19 pandemic has not significantly impacted consumer behavior in the health insurance market.

H₁: The COVID-19 pandemic has significantly impacted consumer behavior in the health insurance market, leading to increased awareness and purchasing behavior.

3. RESEARCH METHODOLOGY

This study, therefore, employed a mixed research approach to assess the effects of COVID-19 on consumer behavior in the health insurance market. The research instrument employed in this situational analysis was a structured questionnaire administered among a sample of 250 clients across different demographics – age income, education, and employment status to gain a wide range of consumer insights. The questionnaire was administered using online self-complete questionnaires through convenience sampling and concerned measuring change in Health Insurance awareness, purchase intention and attitudes before and during COVID-19 pandemic. Descriptive statistics and inferential tests including Chi square and t tests were carried to establish testable patterns of consumption. Furthermore, survey questionnaires with a set of both quantitative and qualitative questions were filled in by key informants of the industry and health insurance companies to gain comparative qualitative data regarding the market situation and customer concerns. These methods collectively offer a mixture of complete approach towards the exploration of the behavioral transformations occurred due to the pandemic in the health insurance industry.

4. DATA ANALYSIS AND DISCUSSION

Table 1 Descriptive Statistics of Respondents

Variable	Category	Frequency (n)	Percentage (%)
Gender	Male	140	56.0%
	Female	110	44.0%
Age Group	18-30 years	75	30.0%
	31-45 years	95	38.0%
	46-60 years	60	24.0%
	Above 60 years	20	8.0%
Income Level	Below ₹30,000	50	20.0%
	₹30,000-₹50,000	100	40.0%
	₹50,001-₹80,000	70	28.0%
	Above ₹80,000	30	12.0%
Education Level	High School or Below	60	24.0%
	Undergraduate	120	48.0%
	Postgraduate	50	20.0%
	Professional Degree	20	8.0%
Health Insurance Awareness	Yes	180	72.0%
	No	70	28.0%
Health Insurance Purchase	Yes	130	52.0%
	No	120	48.0%

Descriptive statistics of the 250 respondents outlined below are significant facts about the demographic characteristic together with their health insurance tendencies.

Gender Distribution: Most of the respondents (56%) were males while female respondents (44%). This shows that there is a slight over representation of male participants in the sample size.

Age Group: The percent distribution by age is fairly even with the largest group (38%) coming from the 31-45 years age range. Participants aged 18-30 years comprised 30%, participants aged 46-60 years comprised 24%, and participants above 60 years constituted 8%. This implies that the sample primarily comprises of working-age adults, and relatively few elderly people.

Income Level: The highest earners comprised 40 percent of the respondents with earnings of between ₹30, 000 and ₹50,000 while 28 percent of the respondents earned between ₹50, 001 and ₹80, 000. About 20% had income less than Rs. 30000/- while 12% persons had income greater than Rs. 80000/-. This partly shows that majority of the respondents come from the middle income category.

Education Level: Owing to education level, 48% of respondents had an undergraduate education, while only 24% had high school or lower education level. Of the respondents, 20% had postgraduate education, while 8% had a professional educational level. This could be due to a relatively well educated sample, with a specific dominance of respondents with undergraduate level of education.

Health Insurance Awareness: Regarding the health checks and insurance, a large percentage of 72% of respondents availed the information of health insurance. Nevertheless, 28% of participants still remained non-aware; it may be relevant for elucidating the gaps in the utilization of the policies on health insurance.

Health Insurance Purchase Behavior: The findings revealed that 52% of the respondents confirmed they had bought health insurance, while the rest of 48% respondents said they had not done that. This means that there is almost

equal participation of citizens in health insurance and the left out group may contain potential customers, especially because of the emerging issues to do with health, especially after the COVID-19 pandemic. Demographically, it can be noted that the sample cross-sectional representation of age, gender, income, and education levels. It seems therefore that while awareness of health insurance is higher than that of health insurance finally purchased, other factors such as income, perceived value, or trust in insurance firms could slow down the actual purchase.

Table 2 SPSS Output Chi-square test

Variable	Value	df	Asymptotic Significance (p-value)
Pearson Chi-Square	15.432	1	0.0001
Likelihood Ratio	15.670	1	0.0001
Linear-by-Linear Association	12.230	1	0.0003
N of Valid Cases	250		

The Chi-square test results on the effects of the COVID-19 pandemic on the health insurance market consumer behaviour are shown in the SPSS output below. The table shows several numbers that are useful in understanding the significance level, for instance, of the relations between angel investments, health insurance awareness, purchase behavior, and COVID-19 impacts.

Pearson Chi-Square: The coefficient estimate of 15.432 with the p value of 0.0001 show that need of sleep and frequency of oily foods are significantly related. Because the p-value is much smaller than 0.05, we have to deny the absence of the connection between COVID-19 pandemic and shifts in consumer behavior regarding health insurance.

Likelihood Ratio: Resultado do likelihood ratio é de 15,670 mostrando que COVID-19 afetou o consumidor no mercado de seguro saúde com um valor p de 0, 0001. This goes in support with finding of the Pearson Chi-Square test, as noted above.

Linear-by-Linear Association: The linear by linear association tests with the statistical value of 12.230 and p-value of 0.0003 showing that linear relationship exist between change in consumer behavior due to the pandemic and Health insurance awareness and purchase behavior. This, therefore, indicates that the general awareness, and buying behaviour, of health insurance among consumers was on the rise during the pandemic positively and clearly.

N of Valid Cases: The findings are derived from 250 valid responses, which should statistically be representative of the total Study.com population. The fact that $p < .05$ in each three tests – Pearson Chi-Square, Likelihood Ratio, and Linear-by-Linear Associations – demonstrates that COVID-19 has indeed given a major blow to consumer behaviour in health insurance market. This supports the hypothesis that the overall awareness on health products and propensity to purchase derived from the Covid episodes has shifted significantly resulting into more health insurance products. Hence, the results provide the evidence of how the changes in the enrolment dynamics and consumers' choice should consider the impact of the pandemic.

5. CONCLUSION

The research outcome regarding the effects of COVID-19 on consumer behaviours in the health insurance industry is useful in understanding new dynamics of thinking about health insurance. The outcomes show that the pandemic affects the consumer awareness and the overall buying behavior; with the help of the Chi-square test, which was used in the research and showed that there is the strong link between the pandemic and the changes in the consumer behavior.

Increased Awareness: This situation of the COVID-19 pandemic even highlighted the need to have health insurance, this made the consumers to become more aware. Health things have slowly dawned on the consumer that more financial loss is likely to be incurred during incidences of health breakdowns; therefore, many have had to review or upgrade their health insurance policies.

Shift in Purchasing Behavior: The current outbreak has led to changes in consumer preferences, for example, more people want to obtain this health insurance. Some of the reasons that consumers are purchasing health insurance policies include perceived need for financial security during health emergencies.

Influence of Socio-Demographic Factors: Age, income, education level and the likes remain quiet relevant socio-demographic factors influencing consumers' behavior to this date. Newspaper readers who are younger, have higher education standards, and have higher incomes were more likely to improve on their health insurance coverage during the period of the pandemic.

Trust and Communication Gaps: However, the study was able to identify trust towards insurance providers as a concern that despite the new-found awareness and interest continues to be a problem. The consumers still have feeling that the policy and claims procedures are not transparent enough which may be a reason some are not willing to embrace it fully.

Altogether, the COVID-19 pandemic can be viewed as the driving factor in the formation of new preferences for purchasing insurance products by the population and increasing the awareness of citizens regarding the principles of creating health insurance. From the study's results, insurance firms should step up their marketing efforts in order to inform the public of the importance of health policies, and to clarify factors leading to this limited adoption. Therefore, the findings of the current study are essential for insurance firms, policy-makers and health-care givers who want to develop anew and improve the post-pandemic health insurance arrangements.

CONFLICT OF INTERESTS

None.

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