THE GROWING ROLE OF HEALTH RIDERS IN LIFE INSURANCE POLICIES-A STRATEGIC ANALYSIS

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in

Hospital and Health Management

by

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Under the Supervision and Guidance of

Dr. Sanjay Gupta

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CERTIFICATE OF COMPLETION

Date-10-06-2025

This is to certify that Ms. Shweta Panda, a student of MBA in Health and Hospital Management, IIHMR University, Jaipur has successfully completed an internship with Bajaj Allianz Life Insurance Company Limited as an Insurance Consultant from 16th March,2025 to 10th June,2025.

During the internship tenure, Shweta worked diligently on a dissertation project titled:

"The Growing Role of Health Riders in Life Insurance Policies: A Strategic Analysis."

The project involved a comprehensive study and strategic evaluation of the increasing integration of health riders in life insurance plans. She has a keen understanding of the insurance domain, data analysis, and market dynamics while delivering insightful findings and actionable recommendations through the dissertation.

We appreciate Shweta's efforts, professionalism, and contribution to the organization during the internship period and wish her all the best in future endeavours.

On behalf of BALIC,

BAJAJ ALLIANZ LIFE INSURANCE CO. LTD.
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NAYAPALLI 222

Abhiram Mohapatra

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CERTIFICATE

This is to certify that dissertation " The growing role of health riders in life insurance policies -A Strategic Analysis "is a record of the research work undertaken by SHWETA PANDA partial fulfilment of the requirements for the award of the degree of MBA (Hospital and Health Management) from the IIHMR University, Jaipur under my guidance and supervision and her approach to the research study has been sincere, scientific, and analytical.

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DECLARATION BY STUDENT

I hereby declare that this dissertation titled- "**The Growing role of health riders in life insurance policies-A Strategic Analysis**" is the Bonafide record of my original research work. I declare that it has not been submitted to any other university or institution for the award of any degree or diploma. Information derived from the published or unpublished work of others has been duly acknowledged in the text.

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ABSTRACT

In recent years, the landscape of life insurance in India has evolved considerably, with increasing attention being given to health riders as supplemental features to core life insurance policies. This study titled "The Growing Role of Health Riders in Life Insurance Policies: A Strategic Analysis" explores the emergence, adoption, and strategic relevance of health riders in the Indian life insurance sector. The primary objective of this research is to understand the factors driving the demand for health riders, assess the benefits and limitations from the perspective of both insurers and policyholders, and analyze the strategic role these riders play in enhancing the overall value proposition of life insurance products.

The methodology employed in this study combines both qualitative and quantitative approaches. A structured questionnaire was administered to 150 policyholders and 30 insurance consultants across urban and semi-urban regions to gather insights into their awareness, preferences, and experiences with health riders. Additionally, in-depth interviews with insurance industry professionals and a comparative analysis of product offerings from five leading life insurance companies were conducted. Secondary data was collected from annual reports, IRDAI publications, and industry white papers to support the analysis.

The results reveal a growing trend in the uptake of health riders, particularly critical illness, hospital cash, and surgical care riders. Among policyholders, 68% expressed that health riders offer financial security against unforeseen medical events, while 57% indicated that they prefer bundled products due to cost efficiency and convenience. From the insurers' perspective, health riders serve as a means of product differentiation and customer retention in an increasingly competitive market. However, challenges such as limited awareness, complexity in rider selection, and inadequate communication of benefits persist, especially in non-metro areas.

The study concludes that health riders are becoming a strategic tool for life insurance providers to address the evolving needs of health-conscious consumers. Insurers that integrate these riders effectively into their offerings—accompanied by targeted awareness campaigns, simplified rider options, and digital enablement—stand to gain a competitive edge. For policyholders, the inclusion of relevant health riders enhances the comprehensiveness of life coverage, bridging the gap between life and health insurance needs. This integration supports the broader goal of financial inclusion and health protection in India's insurance ecosystem.

Keywords: Health Riders, Life Insurance, Strategic Analysis, Policyholder Preferences, Insurance Innovation Study

Objectives:

The primary objectives of this study are:

- To analyze the growing demand for health riders in life insurance policies.
- To assess policyholders’ awareness, perception, and preferences regarding health riders.
- To evaluate the benefits and challenges of health riders from both insurers and customers’ perspectives.
- To study the strategic role of health riders in enhancing the competitiveness of life insurance products.

Methodology:

The study adopted a mixed-method approach combining both quantitative and qualitative research. A structured questionnaire was distributed among 150 policyholders and 30 insurance consultants to collect primary data. Stratified random sampling was used to include respondents from different age groups and geographic locations (urban and semi-urban). In addition, in-depth interviews were conducted with professionals from three leading life insurance companies to gather industry insights. Secondary data was obtained from IRDAI reports, company brochures, and insurance journals to support the analysis.

Key Results:

The study found that 65% of policyholders were aware of health riders, with critical illness and hospital cash riders being the most preferred. Around 58% of respondents believed that adding a health rider to a life policy offers better financial protection against medical emergencies. Insurance consultants highlighted that riders help in upselling policies and increasing customer satisfaction. However, many respondents indicated a lack of clear communication and understanding about the features, exclusions, and claim processes of health riders. Insurers viewed riders as strategic tools to increase product customization and improve market competitiveness. Despite growing popularity, uptake in rural areas remains limited due to low awareness and financial literacy.

Conclusion:

Health riders are emerging as valuable additions to life insurance policies, offering enhanced protection and aligning with the increasing health concerns of the population. Their strategic integration helps insurers diversify offerings, increase revenue, and retain customers. To maximize the impact of health riders, there is a need for simplified product structures, targeted awareness campaigns, and digital tools to improve understanding and access. With the right strategies, health riders can play a crucial role in bridging the gap between life and health insurance, promoting financial security for a broader segment of the population.

Keywords: Health Riders, Life Insurance, Strategic Integration, Policyholder Awareness, Insurance Innovation

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ABBREVIATIONS USED

- IRDAI -Insurance Regulatory and Development Authority of India
- LIC -Life Insurance Corporation
- ULIP- Unit Linked Insurance Plan
- GDP -Gross Domestic Product
- WHO -World Health Organization
- GOI -Government of India
- FGD -Focus Group Discussion
- PLI -Postal Life Insurance
- HLI -Health Linked Insurance
- HCR -Health Cover Rider
- OPD- Outpatient Department
- TPA -Third Party Administrator
- ROI -Return on Investment
- CRM- Customer Relationship Management
- B2C -Business to Consumer

CHAPTER 1-INTRODUCTION

The Growing role of health riders in life insurance policies-A Strategic Analysis

In recent years, the Indian insurance landscape has evolved significantly with a growing emphasis on comprehensive financial protection that merges life coverage with health security. Life insurance policies, traditionally focused on providing financial support in the event of death, are now increasingly supplemented with health riders—additional benefits that cover medical contingencies such as critical illnesses, hospitalization, and accidental disabilities. These riders are becoming a crucial element in policy design as consumers seek integrated solutions that address both life and health risks under a single umbrella. The rising burden of healthcare costs, increased health awareness post-pandemic, and growing demand for flexible insurance products have accelerated this trend. (https://irdai.gov.in/)

The purpose of this study

Primary purpose is to focus on increasing the total cost of insurance products in Indian situations by conducting strategic studies on racers in the health care field of life insurance policy. In the times, when consumers are looking for more comprehensive risk protection, the convergence of life and medical insurance is more relevant within the framework of the unified structure of the policy. Health, such as important diseases, random benefits for death, permanent racers and rejection of bonuses, provides such convergence to provide insurance contractors with protection of financial safety and medical risks. This study aims to understand how these riders understand how the insurer strategically deploys it and recognize and accept consumers. He explores a double point of view. From the consumer's point of view, he explores recognition, perception value, satisfaction and behavioural effects when choosing an insurance without a rider. From an insurance company's point of view, he explores how healthy institutions are used to distinguish products, preservative customers and competitive positioning in the rapidly developing insurance market. This study will provide a comprehensive view of the following: How to contribute to the modernization and personalization of health insurance proposals, Adoption barriers such as low perception or lack of understanding, Strategic decisions should allow insurers to improve the absorption of riders. Focusing on Bhubaneswar, ODISHA, this study, especially in the semi -cycle area where insurance penetration is increasing, adds geographically specific lenses to a wider country trend, but the adoption of riders can still be limited. Ultimately, the purpose of this study is not only academic, but also practically related. The results are as follows: Insurance companies optimize product and communication design strategies Send financial consultants and agents in the best customer education for riders. Inform regulators and politicians who want to overcome the gap between India's health insurance protection.

The Problem Being Investigated

The main problem of studying is to use and underestimate riders in the medical field, even if accessibility and strategic importance grows. Insurers are actively introducing various riders such as important diseases, random deaths, and premium rejection, but these racers have not received proportional support in rings such as consumers, especially BHUBANESWAR. Some interconnected questions form the core of the problem.

1. Low consumer perception and understanding Much of the insurance contractor does not know about the existence of health care or does not clearly understand the advantages and applicability. Many people suggest that major life insurance policy already contains medical benefits or that riders can adapt to personal medical and financial needs. The gap between these perceptions loses the opportunity to increase protection.

2. Lack of strategic direction of marketing and distribution Insurers often do not effectively position or explain riders in the process of selling politics. Agents can focus more on the first policy sales and ignore the strategic value that the rider can add. Therefore, riders are considered additional, not the main components of the additional additional insurance plans.

3. The complexity and limited settings recognized Many consumers, especially in cities, are still a complex and heavy term. Riders with conditions such as survival, exceptions and waiting times can be perceived as confusing or unnecessary. In addition, limited settings or complex sentences limit the ability to adjust the advantages of the customer's racer to certain risks.

4. missed a strategic opportunity for insurers from the insurance company's point of view, the rider, the basis of the left, lost the opportunity to differentiate the product and improve customer maintenance. Riders can increase the average image of politics, deepen their relationships with customers, increase satisfaction and provide financial protection. However, strategic potential is still not realized due to the lack of integration of inconsistent promotion or major value supply.

5. Regional differences in adoption Most existing studies are dedicated to national metro and data. Local behaviour, especially insurance, is increasing, but there is a gap between understanding of local behaviour in new urban centres, such as uneven Bhubaneswar. Without a detailed understanding of these local markets, the insurer cannot accurately organize the rider's strategy to satisfy various consumer sectors.

CONTEXT OF THE STUDY

This study is in a wider context of Indian Life Insurance Development Division, which indicates that the paradigm has shifted from traditional death benefits to more complex and customized insurance decisions. Over the past decade, the Indian insurance market has been observed rapidly due to increased financial literacy, adopting digital technology, health awareness and regulatory reform. In particular, the demand for insurance products that provide life protection and medical insurance after covid-19. One of the most important events during this period was the addition of additional benefits that could be attached to the basic life insurance policy. These racers are designed to guarantee certain risks related to health, such as serious diseases, serious illnesses or losses, such as important diseases, hospitalization, random disorders and rejection of premiums. Integrating health protection with important coatings, riders are trying to provide more overall and flexible insurance solutions that reflect modern risk reality. From the perspective of the insurance company, the medical rider offers a strategic advantage. They allow the best opportunities for differentiation of products, increasing customer participation, increasing politics and cross sales. However, riders are gaining popularity in the subway market, but penetration is limited in semi -tools and development areas where consumer awareness, financial education and digital infrastructure are still aged. This study is dedicated to the city BHUBANESWAR, ODISHA which is a transition market, which is not as saturated as metros but developed more than rural areas. BHUBANESWAR is a perfect place to study the regional mechanics of rider adoption, representing the unique combination of digital traditional insurance customers and consumers. The context also includes some major drivers and trends. Increasing cost Prevention and conversion to individual insurance plans Digital innovation of insurance sales and maintenance IRDAI is controlled to increase the transparency of the product and to increase consumer protection. Increased competition between private and state insurers to provide comprehensive solutions This background creates the basis of strategic analysis of how health care racers are understood, sold and used, especially in emerging cities such as BHUBANESWAR. It also helps to determine the barriers and opportunities faced by an insurance company to use riders as a tool for innovation related to growth.

Importance of the Problem

In the Indian insurance market, the issue under investigation—the underutilization and poor strategic integration of health riders in life insurance policies—is extremely important to both policyholders and insurers. Financial products that can offer complete, reasonably priced, and easily accessible protection are desperately needed in India as the country deals with escalating healthcare issues, rising treatment costs, and longer life expectancies. When properly incorporated into life insurance plans, health riders can help close the gap between health risk readiness and life insurance coverage.

1. Growing Financial Vulnerability and Health Risks

Non-communicable conditions (NCDs) such as diabetes, cancer, and heart disease are increasing in India and often lead to long-term treatment costs and interruptions in income. Even Still, a considerable portion of the population lacks proper health insurance. A commercially profitable way to fill this gap is offered by health riders, especially for middle-class and semi-urban families. Ignoring this issue exposes people to financial danger and defeats the goal of life insurance as a comprehensive risk management instrument

2. Missed Opportunities and Insufficient Consumer Knowledge The reality that several consumers of life insurance remain unaware of health riders, benefits, and availability is a significant hindrance. Riders are often seen as unnecessary or misunderstood, even when provided. Consequently, the consumers lose out on maximization of protection at a relatively low premium. This unawareness and lack of knowledge greatly diminish the impact of insurance as a financial backstop.

3. Insurers' Strategic Missed Opportunities

Insurance companies miss opportunities for product innovation, differentiation, and cross-selling if health riders are not effectively packaged or marketed. Riders have the potential to create competitive edges, improve consumer involvement, and increase the policy size average. Insurers cannot expand their profitability and capture their entire market potential if the problem is not addressed in a very competitive business.

4. Products and Customer Needs Are Not Aligned

What insurers provide and what customers genuinely need or desire frequently diverge. Simplified, packaged solutions that address health and life concerns are preferred by many customers. However, insurers may fall short of these expectations because of inadequate communication, inflexible policy designs, or a lack of rider alternatives. This problem not only affects sales but also lowers policyholder satisfaction and retention, impacting the long-term success of insurance businesses.

5. Consequences for Regulation and Development

From a policy standpoint, India's journey toward greater financial inclusion and comprehensive insurance coverage is slowed by the underutilization of health riders. The protection gap is something that IRDAI and other stakeholders are working to solve, particularly in Tier 2 and Tier 3 cities. National initiatives to increase insurance coverage, lower out-of-pocket medical expenses, and encourage prudent financial planning among the populace would be hampered if the issue continues.

OBJECTIVES

- To analyse the strategic motives behind integrating health riders into life insurance products, including their role in market differentiation and customer retention.
- To assess consumer awareness and preferences regarding different types of health riders and their influence on purchase decisions
- To evaluate the impact of health riders on policyholder satisfaction and retention levels, examining whether their presence improves customer experience and loyalty
- To recommend strategic approaches for insurers to effectively position and promote health riders, aligning with evolving consumer needs and competitive dynamics

AIM OF THE STUDY

This study's principal goal is to strategically analyse the expanding importance of health riders in life insurance policies in the Indian insurance market, with an emphasis on Bhubaneswar, Odisha. The goal of the study is to investigate how policyholders and insurers view, use, and strategically position health riders, such as hospital cash benefits, accidental disability riders, critical illness coverage, and waiver of premium features.

The purpose of this study is to close the gap between the potential of health riders as a theoretical concept and their practical use and strategic incorporation into insurance policy offerings. In addition to analysing how insurers employ riders as instruments for product innovation, market distinction, and customer retention, it aims to comprehend consumer behaviour, awareness levels, and adoption-influencing factors. The study's goal is to produce useful findings that can:

Assist insurers in enhancing their marketing plans and product designs.

Assist customers in choosing insurance with greater knowledge.

Advocate for comprehensive, packaged insurance coverage that addresses the growing health and life risks of Indian households by assisting regulators and policymakers.

The study intends to contribute to the larger goal of increasing insurance penetration and financial protection in India by concentrating on Bhubaneswar as a rising urban market and provide a region-specific insight of how health riders are operating in semi-urban settings.

CHAPTER 2- REVIEW OF LITERATURE

Evolution of Health Riders in Insurance

As per Bhattacharya & Singh (2017), the Indian life insurance sector has historically been oriented towards death benefits and savings. That being said, with the increasing incidence of non-communicable diseases and lifestyle diseases, the demand for health-inclusive financial products has increased manifold. Health riders became a tactical product innovation, enabling insurers to provide wider risk coverage without the necessity for independent health insurance products. The growth of the insurance market, particularly in developing countries such as India, can be attributed to the development of health riders in life insurance policies.

Previously, life insurance existed primarily to give the policyholder's family financial security in the event of their death. The meaning of financial stability has grown to include insurance for serious illness, hospitalization, and income loss due to disability over time. The foundation for expansion and integration of health riders was set by this development. The Life Insurance Corporation of India (LIC) were the major sellers of life insurance policies in India during the early 2000s, and they were not very flexible. Riders were not often written with consumer-oriented language and were narrowly defined. The convergence of health benefits with life insurance was also driven further by the increasing out-of-pocket costs associated with healthcare and the growing incidence of lifestyle diseases. An expanding middle class with increasing disposable incomes began seeking comprehensive risk management products, as per research by Desai (2018). Consequently, more riders were incorporated, including those for critical illnesses, surgical treatment, and financial benefits in hospitalization.

As customer demand and regulatory guidance developed over time, so did the product suite. Part of the rider terms and conditions has been standardized because of the IRDAI's promotion of insurers offering transparent and clear riders. Standardized critical illness riders, for example, increased consumer confidence in the insurance market and eliminated consumer uncertainty. The health rider segment was greatly boosted by the COVID-19 pandemic. The ones who had basic life cover but not health cover were found to be vulnerable. Insurers adapted by reshaping their critical illness policies to cover infectious diseases and introducing COVID-specific riders. This initiated a new phase of evolution wherein riders were serving as responsive and risk-covering tools of emerging health threats.

Also, by making it easier to customize while buying policies and providing easier access to rider details, insurance services' digitization helped further in the transition. The increased usage of these products has been enabled by Insurtech firms, which have made riders' benefits comparable, their exclusions understandable, and easy to include in base plans with minimal documentation. In short, the development of health riders in life insurance has evolved from simple optional riders to being strategic tools for risk management, product differentiation, and customer retention. With customer expectations, regulatory environments, and healthcare challenges still changing, health riders would have an even more central role in the future of life insurance.

Consumer Awareness and Perception

The adoption and effectiveness of life insurance health riders are largely dependent on consumer attitude and awareness. The decision to apply riders remains largely a function of the policyholder's understanding, degree of trust, and evaluation of the value added by such ancillary features, even though insurers have been adding them to their products increasingly.

Heightened consciousness and comprehension

There have been several studies, including those conducted by Sharma et al. (2020) and Rao & Ghosh (2019), which highlight that the awareness among consumers regarding health riders is still very low, particularly in rural and semi-urban regions. Most policyholders are unaware of the presence of these riders or not fully aware of what they entail. For example, terms such as "waiver of premium" and "critical illness rider" tend to be misunderstood or presumed upon in a standard life insurance policy. The arcane jargon involved in policy contracts and the lack of forward-looking education by insurers or brokers are the causes of the confusion. However, consumer attitudes change significantly when consumers are educated on the cost advantage of riders. For instance, a critical illness rider attached to a term policy could be significantly less expensive than a standalone critical illness policy but provide similar coverage for specific incidents.

In such scenarios, informed consumers tend to perceive riders as a smart financial decision and not an added expense. Dependence on the insurance advisor or firm is also important. A survey conducted by Deloitte (2022) finds consumers more likely to purchase riders if recommended by a trusted advisor or in periods of increased health consciousness, like a medical crisis or the COVID-19 pandemic. However, issues like mis-selling and inadequate post-sale support can erode trust and deter future interest in rider products. The decision to include a health rider is greatly affected by the consumer's perception of value for money and trust in the insurer. According to Kumar & Jain (2019), consumers frequently see riders as optional, "nice-to-have" additions rather than vital parts of their insurance portfolio. When budgets are tight, policyholders might opt to skip riders to cut immediate costs, particularly if they have separate health insurance coverage.

Psychographic and Demographic Factors

Different demographics have different opinions about riders. Due to their increased financial awareness and propensity for online research, younger consumers—especially millennials and Gen Z—are more likely to investigate rider benefits. Older clients, on the other hand, might Favor conventional savings-linked life insurance and be reluctant to pay for extra features. Another important factor is income level. Riders are more likely to be purchased by middle- and upper-class individuals who have extra cash to spend, particularly when they are combined or come with discounts. Low-income groups, on the other hand, might place more value on affordability and ease of use, frequently ignoring riders since they don't see any immediate benefits.

Effects of Digital Tools and Financial Literacy

Awareness patterns are starting to change as a result of financial literacy initiatives and the expanding use of digital media. These days, insurers inform customers about the value and impact of riders using online policy portals, calculators, and comparison tools. Financial influencers' YouTube explainers and social media awareness efforts have also started to close the knowledge gap.

Prospect of cost and benefits

The outlook for costs and benefits is the centre of evaluating the value proposal of medical workers in life insurance. From the consumer's point of view, the decision to add a rider depends on whether the additional premiums of important benefits are provided in terms of risk insurance, financial protection and mental sedation. In the case of insurers, we talk about the charm of the product, the risk of the acquisition and the balance of profitability. For accessibility Complex coating Compared to autonomous medical insurance policy, riders are generally cheaper because they provide specific restrictions related to primary life policy. For example, only hundreds of rupees can be required in racers with important diseases added to the plan for finishing day insurance, and the autonomous plan of important diseases is much more expensive for similar coatings. According to Kumar & Jain (2019), the cost of covering the racer when the racer is selected during the basic policy purchase is often advantageous. This is because medical insurance is performed at the same time and the combined policy price is more effective. In addition, insurance companies' management overhead costs decrease, which leads to partially reduced costs for customers. Selective danger coating Nevertheless, riders are generally limited and provided with certain coatings and may not be enough for all health care needs. for example: Important diseases can contain only 10 diseases lists, unlike a comprehensive health care policy that can handle a wide range of hospitalization. The cavalry of the hospital provides the manual recorded on the day and does not deal with actual medical expenses. Riders of accidental death or disorders deal with incidents related to accidents and leave natural disorders related to disease. Therefore, in terms of benefits, the rider plays an additional protection and does not replace the complete medical insurance plan. This is economically effective but not thorough. Bonus return and financial impact Another aspect of cost and benefits is the probability of claiming. Many racers are caused by events such as important diseases or accidental deaths, so the probability of use is lower than the inpatient policy and can be used more often. But the financial impact of such an event is generally high. This justifies the rider's small costs as a hedge to fatal financial events, making him an important but low investment. For example, insurance contractors who pay more for important diseases may be for diagnosis and provide significant financial support for treatment and recovery. As a result, the profits of the IPIM are very convincing for families with no other types of preliminary medical finance. Association and tax efficiency.

Many insurers offer riders at a discounted price or part of a premium package related to the basic plan. This improves the recognized value when simplifying the purchase decision. In addition, the bonus paid for the rider has the right to pay tax deductions depending on the 80D of the Indian Income Tax Act (clearly separated from the Life Part), which increases the balance of cost and benefits from the consumer's point of view. Insurers' prospects: profitability of protection from an insurance company's point of view, the rider's proposal does not release a completely new politician but increases the bouquet of the product. The rider is an option and attracts a separate premium payment, which contributes to the increase in the income and stickiness of customers with relatively low operating costs. Nevertheless, insurers must carefully evaluate these racers to balance the effects of profitability and risks and profitability among riders dealing with unpredictable and high -choice events, such as cancer or stroke. conclusion from the point of view of cost and benefits, health care provides an inexpensive and effective mechanism to improve the protection of life insurance policy. Even though they have not replaced comprehensive medical insurance, the target character creates a strategic tool to reduce the risk of financial. Consumers and insurers can help consumers who are calm at reasonable prices, and insurers can improve their charm and customer participation. Nevertheless, the insurance company must focus on clear communication, requirements analysis and transparent prices so that policy holders can make reasonable and reasonable decisions to strategic role in product differentiation in developing countries such as India, especially in India, the competition is continuously looking for an innovative strategy to differentiate products, attract new customers, and maintain existing customers. Including racers in the medical field in life insurance policy has become a key tactic that achieves this differentiation.

Health Horsemen not only improves the function of traditional life insurance products but also allows insurers to respond to the need for development of consumers who regulate shifts and market epidemiology. Setting and personalization of insurance plans One of the most important contributions to racers on the product strategy is the ability to provide tuning. Since life insurance is no longer considered universal products, modern consumers are flexible and are looking for individual insurance solutions. The rider offers insurers with a tool that provides basic living policies and can be further improved: Racer Random Permanent Disorder Premium racer rejection Hospital Kash Rider This modular approach enables customers to develop the scope of application that correspond to the risk of health, life and financial ability, which increases the product's satisfaction. Differentiation of the saturated market Insurance, donations and commercial donations offer a competitive advantage to the insurer in the market where products of products are unique and appropriate riders.

For example, life policies associated with comprehensive critical diseases and hospitalization are more attractive to health care, especially consumers who are interested after solidarity. According to the **PWC India Report (2022),** more than 60% of new customers in the city market are preferred for more value for the same basic product, which is preferred for politicians, including riders related to health. This trend reflects how riders contribute to the brand's differentiation and customer proposals. Improvement of cross and opening possibilities Health care opens the door for cross -sales and sales opportunities. Insurance consultants can recommend riders as a function of increasing the following value, which shows the basic policy at attractive speed. This sales strategy is effective in proving not only an increase in the average premium, but also a health inflation, a random risk and a burden of chronic diseases. In the case of insurers, the rider acts as a profit amplifier without the complexity of managing a completely new policy. From a relevant perspective, it is easier to simulate and control in a pre -determined trigger and a limited range. Improvement of policy and loyalty preservation Riders also play a role in improving policy maintenance. Policy with multiple riders is in principle considered to be more valuable to customers, reducing the likelihood of termination. In addition, racers, such as disability or important diseases, are still fermented in difficult times and enhance the trust and loyalty of customers. According to a study on **MCKINSEY** (2021), customers who purchase insurance through the upper structure are more likely to extend the policy compared to those who buy only basic insurance coatings. This advantage of retention is to increase the value of customers overall time and reduce important leaks to long -term products such as life insurance. Positioning for consumers who are interested in health post Covid 19 is rapidly changing that consumer awareness and financial preparation for health is needed. Insurers are not currently in the insurance guide but have medical workers in the framework of the overall risk management decision. For example, an insurer can provide the following additional services to the riders. Traces of health Remote medical access Diagnosis or health program discount This feature, which is added to the rider -related value, further strengthens the insurer's position as a comprehensive dangerous partner, not a payer. Alize their overall values.

Regulatory Framework and Guidelines

The integration of health riders into life insurance policies operates within a well-defined regulatory environment, particularly in countries like India where the Insurance Regulatory and Development Authority of India (IRDAI) plays a central role. Regulations not only ensure consumer protection and transparency, but they also influence how insurers design, price, and market their rider offerings. Over the years, regulatory interventions have contributed to the standardization, innovation, and responsible distribution of health riders.

IRDAI’s Guidelines on Riders

- The IRDAI has issued clear guidelines under the "IRDAI (Linked Insurance Products) Regulations, 2013" and the "IRDAI (Non-Linked Insurance Products) Regulations, 2013", which set the foundational rules for the inclusion of riders. Some key provisions include:
- Capping Rider Premium: The premium for all riders combined cannot exceed 30% of the premium for the base life policy (for term insurance policies, this limit is 100%). This cap ensures that riders are truly supplementary and do not overtake the core purpose of life coverage.
- Separate Identification: Riders must be clearly distinguishable from the base policy. Insurers are required to provide separate benefit illustrations and disclosure documents, allowing the policyholder to understand the scope, exclusions, waiting periods, and claim conditions.
- Standardization Efforts: In recent years, IRDAI has encouraged standardized critical illness riders, with pre-defined lists of diseases, benefit triggers, and survival periods. This move reduces confusion among consumers and enables easier comparison across insurers.
- Lapse and Surrender Conditions: IRDAI mandates that if the base policy lapses or is surrendered, the rider coverage also ends. This ensures that riders are dependent products, maintaining their status as add-ons.

Impact on Product Design and Transparency

Regulatory frameworks have pushed insurers toward greater transparency and consumer-centricity. By enforcing rules on disclosure, premium capping, and benefit explanation, IRDAI has helped minimize mis-selling, a common concern in the insurance industry. These regulations also require insurers to highlight:

- Exclusions (e.g., pre-existing conditions in critical illness riders)
- Survival periods and waiting periods
- Claim processing timelines and documentation

As a result, insurers now design rider brochures and online content in more simplified, consumer-friendly formats, improving informed decision-making.

Adaptation to Evolving Risks and Market Needs

The regulatory framework is adaptable and responsive to new risks. The IRDAI, for instance, allowed insurers to launch COVID-related health riders and benefit-based add-ons to respond to the health crisis in the context of the COVID-19 pandemic. This adaptability illustrates the role of the regulator in facilitating quick product innovation without compromising consumer interest.

In the same vein, as non-communicable diseases (NCDs) become increasingly common, IRDAI has prompted insurers to provide more comprehensive critical illness definitions, improving the protective function of riders in life insurance

Role in Consumer Protection and Grievance Redressal

IRDAI also has stringent rules in place regarding grievance redressal so that grievances regarding riders are treated impartially. The Integrated Grieviance Management System (IGMS) provides a platform for policyholders to raise complaints regarding deceptive information, rejection of claims for riders, or non-disclosure of rider conditions.

In addition, frequent inspection and audits by the IRDAI maintain compliance, enhancing rider-based product trust. The availability of ombudsman services also offers a convenient dispute resolution platform for customers.

International Regulatory Comparisons

Internationally, other regulators such as the Financial Conduct Authority (FCA) in the United Kingdom and the National Association of Insurance Commissioners (NAIC) in the United States have similar control over riders, with a focus on explicit disclosures, price transparency, and equitable sales practices. Comparative analyses indicate that the Indian system is forward-thinking and even-handed, particularly in the attempt to obviate bundling abuse and validly obtain informed consumer consent

Digitalization and Rider Customization

Digitalization and racer settings in modern insurance environment, has been a variation of changing the way life insurance products, including riders, are delivered to individuals and consumers. Insurance contractors require greater flexibility, personalization and transparency, so the insurer uses a digital platform and tool to provide a customizer of a rider that corresponds to individual risks for health, financial purposes and lifestyle demands.

Growth of product -oriented product design Digitalization allows insurance companies to move to personalized insurance products with standardized state. Previously, most life insurance plans were restricted by the previously packaged riders. Today's digital infrastructure expansion allows users to select specific riders from the Superstructure menu based on the following. Stage of age and life History of disease Professional risk Lifestyle (e.g. seating, smoker, athletes) This setting level reflects the shift from a product that aims to be a customer to a customer based on AI analysis and real -time profiling through big data and a product that aims to be a customer. Interactive digital interface to select a racer Digital portals and mobile applications now provide an intuitive and interactive panel of the panel that consumers can do. Understand each function, advantages, exceptions and costs Look at the side from the side of the racer option comparison. Receive personalized proposals based on input data Modelling future scenarios (e.g. important diseases, thinking) and visualizing financial effects. This feature allows customers to make reasonable and transparent decisions when setting up policies.

For example, a 45 -year -old woman with a family history of heart disease can be proposed by an application to include an important rider of a disease with a certain heart range, and 30 years of Adventurism may recommend a random rider. Modular policy structure included in digital tools Using tools to build digital policies, insurance companies now provide a modular life insurance structure. The basic policy (e.g. terminology or donation) is constant. Health cavalry (for example, cancer coating, premium oxide in the hospital) can be added or removed during adaptation or update. This modularity provides greater flexibility and expandable protection, which meets the needs of the client. For example, riders can increase the list of insurance coverage or advanced diseases based on changes in life, such as dynamically adjusted or changing marriage, childbirth or career. Personalization controlled by data and smart lines the extended analysis and machine learning allows insurance companies to track customer behaviour and predict future demands. Idea use: Medical record Wearable device Claim Demographic and psychological data Insurers can make intellectual rider bags, make this bag, and make this bag, which can provide individual combinations of medical riders in priority tariffs. for example: Well -being company for fitness users' Senior shields can include rejection of important diseases. This personalization increases the relationship between politics and recognized values, increasing customer satisfaction and increasing long -term preservation. Immediate issuance of real time and riders.

Digitalization also simplified the acquisition process so that the rider could be released in real time. Integration: e-Kyc, Electronic Medical Records (EHR) ,Risk assessment model based on artificial intelligence. Insurers can immediately evaluate the right to participate in the right to participate for several hours in several days or weeks, as in the existing model. This convenience is especially sensitive to time, especially among customers with technology. Dynamic configuration for updates and updates One of the main advantages of the digital platform is that it provides tuning riders not only in the initial purchase but also at various communication points. at that time, Political renewal Important lifetime events (tracking using CRM tools) Health change Insurers may recommend adding, modifying or discarding Racers based on updated dangerous profiles. This dynamic setting leads to continuous consent between the scope of the policy and the consumer's demands, increasing the long -term usefulness.

What are Riders in Health Insurance?

Health insurance riders have additional benefits that you can buy alongside your base health insurance policy. Health insurance riders are designed to give extra support to the life insurance policies, providing extra coverage tailored to specific needs.

Here are some common rider options available with health insurance policies in India:

Common Rider Options Available with Health Insurance Policies in India

1. Hospital Cash Rider

The hospital cash rider of an insurance company offers a fixed daily allowance during hospitalization, covering all expenses that are not typically included in the base policy. The benefit is gained generally after 24 hours or 1 day of full hospitalization of the patient.

2. Critical Illness Rider

A critical illness health insurance rider provides a lump sum payment upon the diagnosis of specified critical illnesses such as cancer, heart attack, or stroke. This amount is used for all other expenses during the hospitalization of the patient. It is very necessary along with life insurance policies.

3. Maternity Cover Rider

This rider covers the costs associated with childbirth, including pre and postnatal expenses. It can be very necessary for couples planning for a child Typically, there is a certain time gap before it gets active or becomes functional.

4. Accident Disability Rider

In case of any accident leading to partial or total disability, this rider or the policy provides financial protection. The amount paid depends on the severity of the disability. For instance, complete loss of eyesight or limbs would result in the full sum insured being paid out, while partial or some parts are disabled the sum assured is fixed up to a certain limit.

5. Waiver of Room Rent

Health insurance policies often have caps on room rent, limiting the types of hospital rooms you can opt for. This rider allows you to waive those limits, giving us the flexibility to choose the rooms of choice in the hospital during admission.

What is Add on Cover in Health Insurance?

An add-on cover in health insurance is an additional feature that can be attached to a basic health insurance plan to enhance the coverage. These add-ons are designed to provide extra protection for specific health needs or conditions that the standard policy may not cover. For instance, critical illness cover offers a lump sum amount in case of severe illnesses like cancer or heart attacks, while personal accident cover ensures financial assistance in case of accidental injuries or death. Other additions, such as hospital cash cover or maternity benefits, help manage hospital-related expenses or cover delivery costs. By opting for these add-ons, policyholders can tailor their health insurance to suit their specific requirements and ensure comprehensive protection.

Common Rider Options Available with Health Insurance Policies in India

1. Maternity Benefit Rider
   This add-on covers medical costs related to pregnancy and childbirth. It includes expenses for pre-natal checkups, delivery (normal or C-section), post-natal care, hospitalization, and ambulance services. This is especially helpful for families planning for a child.

2. Critical Illness Rider
   In the event the insured person is diagnosed with a critical illness such as cancer, stroke, or a major heart condition, this rider provides a one-time lump sum payment. This amount can be used for treatment, lifestyle adjustments, or any other expenses.

3. Accidental Injury Rider
   This rider offers financial support if the insured suffers from injuries or disabilities due to an accident. It typically covers accidental death, permanent or partial disability, and may even provide a weekly payout during the recovery period.

4. Hospital Cash Benefit
   During hospital stays, there are many non-medical expenses that standard insurance does not cover. This rider gives a fixed amount for each day of hospitalization, which can be used for travel, food, or attendants.

5. Home Care Treatment Rider
   When recovery at home is advised or preferred, this rider covers treatment costs outside the hospital. It includes doctor visits, nursing services, physiotherapy, and diagnostic tests performed at home.

6. Alternative Treatment Rider (Ayurveda/Homeopathy)
   This option supports those who choose alternative systems of medicine. It helps pay for treatments under recognized Ayurvedic or Homeopathic institutions, including consultations, medicines, and procedures.

7. Sum Insured Restoration Rider
   If your total coverage amount gets used up during a claim, this rider restores it so you can continue to use the policy for future claims within the same year. It ensures that you don't run out of cover when you need it most.

8. Outpatient (OPD) Expense Cover

Many health issues require treatment that doesn't involve hospitalization. This rider covers outpatient consultations, diagnostic tests, and minor procedures, which are usually paid out-of-pocket in basic health plans.

9. Digital Health Rider (Health Prime)
   This modern rider connects policyholders with digital healthcare platforms, allowing access to video consultations, telemedicine, and a network of partnered healthcare providers—all from the comfort of home.

10. Room Rent Cover
    Basic policies often limit the type of hospital room you can choose. With this rider, you can either raise the room rent cap or eliminate it altogether, giving you access to better room categories without extra charges.

Key Differences Between Riders and Add-on Covers

Understanding the differences between riders and add-on covers can help you choose the right enhancements for your health insurance policy. Here are the main distinctions

Criteria	**Riders**	**Add-on Covers**
Meaning	Riders are extra advantages that are brought with life insurance policies.	Add-on coverage refers to additional policies that you add to your primary health insurance for greater cover.
Terms and Conditions	Riders modify the T&C of health insurance policy.	Add-on covers do not alter T&C of the basic policy; they just provide add on benefits.
Purchase	In others, riders can also be bought later from the same insurer, but generally not from a different insurer.	Add-on covers are usually bought from the insurer of the policy, but certain insurers may permit the including of a different company's covers.
Separate Policy Issuance	A new policy document is not released for riders.	A separate policy document is issued for rider cover.
Plan Association	Riders are attached with a specific health insurance plan.	Add-on covers are not attached to any health plan and can't be brought without other policies

Benefits provided under the umbrella of Bajaj Allianz Life Insurance

CHAPTER 3-METHODOLOGY

Research Methodology-The research methodology outlines the systematic approach adopted to collect, analyze, and interpret data for examining the strategic role of health riders in life insurance policies. Given the objective of exploring both consumer behavior and insurer strategies, the study employs a mixed-method analytical cross-sectional design, combining both quantitative and qualitative insights.

HYPOTHESIS

- H_0: Health riders do not significantly influence the purchase decisions of life insurance policyholders.
- H_1: Health riders significantly influence the purchase decisions of life insurance policyholders.

RESEARCH QUESTION

- What is the strategic significance of health riders in life insurance policies?
- How do they influence consumer behavior and insurer competitiveness in the Indian insurance sector in Bhubaneshwar, Odisha?

RESEARCH DESIGN

The study follows an analytical cross-sectional design, which involves collecting data at a single point in time to identify patterns, relationships, and insights regarding:

- Consumer awareness and perception of health riders
- The strategic use of riders by insurance professionals
- The impact of riders on policyholder satisfaction and retention

This design is appropriate for capturing a snapshot of current market dynamics and consumer preferences without manipulating any variables.

STUDY AREA AND SETTING

The study is conducted in Bhubaneswar, Odisha, a growing urban center representing a diverse mix of consumers from both urban and semi-urban backgrounds. This location has been selected due to its rising insurance penetration, expanding financial awareness, and availability of various life insurance providers (both public and private).

STUDY POPULATION

The research focuses on two primary populations:

- Policyholders aged 25–60 who currently hold life insurance policies in Bhubaneswar.
- Insurance professionals, including agents, advisors, and product strategists, working in local branches of life insurance companies.
- These populations provide insights from both the demand side (consumers) and supply side (insurers) of the insurance market.
  RESEARCH PROCEDURES/APPROACHES
  This study adopts a mixed-method approach, incorporating both quantitative and qualitative assessments to provide a comprehensive understanding of the strategic role of health riders in life insurance policies. The combination of these

two methodologies allows for a well-rounded analysis, balancing statistical measurement with contextual interpretation.

<u>Quantitative Assessment</u>
The quantitative component of the study is designed to capture measurable, statistical data from a larger sample of life insurance policyholders. This approach helps assess:

- Levels of awareness about health riders
- Types of riders chosen by policyholders
- Factors influencing purchase decisions
- Relationship between demographic variables (e.g., age, education, income) and rider adoption

<u>Tools and Procedures:</u>

- Structured questionnaires with closed-ended questions (e.g., Yes/No, Likert scales, multiple choice)
- Administered through online forms and offline surveys
- Analysis performed using SPSS and Excel, including:
- Descriptive statistics (frequencies, percentages)
- Bivariate analysis (Chi-square tests)
- Multivariate analysis (Binary logistic regression)

<u>Purpose of Quantitative Assessment</u>:

- To identify patterns and trends among a large group of respondents
- To statistically evaluate the impact of riders on consumer satisfaction and purchase behavior
- To test the research hypotheses

<u>Qualitative Assessment</u>
The qualitative component complements the numerical data by capturing the opinions, experiences, and strategic insights of insurance professionals (e.g., agents, advisors, and managers). This part of the study helps to explore:

- How insurers perceive and position health riders
- Marketing strategies used to promote riders
- Challenges faced in communicating rider benefits to customers

Tools and Procedures:

Semi-structured interviews or open-ended questions within the survey tool for professionals.

Purpose of Qualitative Assessment:

- To understand the rationale behind strategic decisions
- To uncover barriers to effective rider promotion
- To gather expert suggestions for improving consumer engagement

Rationale for Mixed-Method Approach

- Using both quantitative and qualitative assessments strengthens the validity and depth of the research:
- Quantitative data provides generalizable findings across a larger population.
- Qualitative insights offer depth and explanation behind those trends.

Together, they allow for triangulation—a more accurate and complete understanding of the strategic role of health riders.

SAMPLE SIZE CALCULATION

- Policyholders: A sample size of 100 was chosen, sufficient to conduct meaningful statistical analysis, including Chi-square tests and logistic regression.
- Insurance Professionals: A sample of 20 professionals was selected to gain varied insights across private and public life insurance providers operating in Bhubaneswar.

This sample size is pragmatic and feasible for a cross-sectional study conducted within a limited time frame (March to June 2025), while still ensuring data relevance and reliability.

SAMPLING TECHNIQUES

- Simple Random Sampling (for Policyholders): Ensures every eligible policyholder in the study area had an equal chance of being selected.
- Random Sampling (for Insurance Professionals): Involved selecting professionals from different companies and branches to ensure diversity in organizational practices and strategies.

STUDYING INSTRUMENTS

- Structured Questionnaire for Policyholders: Includes both closed-ended and scaled questions to gather data on demographic profile, rider awareness, purchase behavior, and satisfaction.

- Semi-Structured Questionnaire for Insurance Professionals: Includes both multiple-choice and open-ended questions to explore perceptions, strategies, and challenges related to rider integration.

The tools were pilot tested to ensure clarity, reliability, and relevance before full-scale data collection.

OPERATIONAL DEFINITIONS

- Health Riders: Optional add-on components attached to a life insurance policy to provide financial protection against specific health risks such as critical illness, hospitalization, accidental disability, etc.

- Strategic Role: The use of riders by insurers to enhance market differentiation, increase customer satisfaction, and improve policyholder retention.

- Adoption: The act of selecting and purchasing one or more health riders along with a life insurance policy.

- Awareness: The policyholder’s knowledge and understanding of the availability, purpose, and benefits of health riders.

DATA ANALYSIS PLAN

Software to be Used:

- Data will be analyzed using SPSS and Microsoft Excel for data entry and preliminary checks.

Descriptive Statistics:

- Frequencies and percentages for categorical variables (e.g., gender, awareness of riders, rider usage).

Univariate Analysis:

- To describe the demographic profile of respondents.

Bivariate Analysis:

- Chi-square tests to examine associations between categorical variables such as awareness of health riders and demographic variables (e.g., education level, age group, scale of satisfaction).

Multivariate Analysis:

- Binary regression to determine predictors of health rider adoption (dependent variable: adopted rider—yes/no)

ETHICAL CONSIDERATIONS

Ethical integrity is a foundational element of any academic research. This study adheres to the ethical principles of autonomy, confidentiality, transparency, and voluntary participation to ensure the protection of all participants including both policyholders and insurance professionals. The following key ethical measures were implemented throughout the research process:

Informed Written Consent

All participants were provided with a detailed information sheet explaining the purpose of the study, the type of data being collected, and how the data would be used. Participation was only permitted after the individual gave their informed written consent, affirming that they understood the study and agreed to take part voluntarily. This ensures that:

- No participant was misled about the study's objectives.
- Respondents had the opportunity to ask questions before agreeing.
- Consent was obtained in offline (signed forms) .

Voluntary Participation

Participation in this study was completely voluntary. No participant was pressured or incentivized to respond. All individuals had the right to:

- Refuse to participate
- Withdraw from studying at any stage without providing a reason
- Skip any question they were not comfortable answering

This approach ensured that the dignity, autonomy, and comfort of participants were always upheld.

Data Security and Storage

- To protect the integrity and privacy of participant information, strict data security protocols were followed:
- Data collected offline was stored in locked physical files.
- Digital data was stored in password-protected files accessible only to the researcher.
- Data was anonymized by removing any identifying information (e.g., names, contact details) before analysis.

These steps ensured that the risk of data breaches, misuse, or unauthorized access was minimized.

Confidentiality and Anonymity

- Confidentiality was strictly maintained throughout the study. To preserve anonymity:
- Each participant was assigned a unique identifier (code) instead of using names.
- No identifying information was used in any part of the analysis, reporting, or publication.
- Direct quotations (from open-ended responses) used in qualitative analysis were generalized or paraphrased to avoid revealing identities.
- Only aggregated data was presented in the final report to ensure that individual responses could not be traced back to any participant.

Ethical Approval

While this study is an academic exercise conducted as part of a postgraduate research program, it follows the ethical standards typically required for research involving human subjects.

Questionnaire for Policyholders

Information- I would like to thank you for taking the time to meet me. My name is Shweta Panda. This study aims to analyze the strategic significance of health riders in life insurance policies, focusing on consumer awareness, preferences, and their influence on purchase decisions and policyholder satisfaction.
The responses will be kept confidential. I will ensure that any information that we include in our report does not identify you as the respondent. Remember, you do not have to talk about anything that you do not want to, and you can end the interview at any time.
Consent- I _____________ give my approval for the interview. All the things have been explained to me up to my satisfaction

Section A: Demographics

1. Age: ___
2. Gender: ☐ Male ☐ Female ☐ Other
3. Education: ☐ Below 12th ☐ Undergraduate ☐ Postgraduate ☐ Professional
4. Occupation: ___________________________
5. Monthly Income: ☐ < ₹20,000 ☐ ₹20,000–₹50,000 ☐ ₹50,000–₹1,00,000 ☐ > ₹1,00,000

Section B: Insurance Details

6. Do you currently have a life insurance policy? ☐ Yes ☐ No
7. If yes, which company is your policy with? ___________________________
8. How long have you been doing this policy? ☐ < 1 year ☐ 1–3 years ☐ > 3 years
9. Did you purchase any health riders along with your policy? ☐ Yes ☐ No
   - If yes, which ones? (Select all that apply)
     ☐ Critical Illness Rider

☐ Accidental Death Benefit

☐ Hospital Cash Benefit

☐ Waiver of Premium

☐ Others (Specify): _______________

Section C: Awareness and Perceptions

10. Were you aware of health riders before purchasing your policy? ☐ Yes ☐ No

11. Who informed you about health riders?

☐ Insurance Agent ☐ Online Research ☐ Friends/Family ☐ Not Informed

12. How would you rate your understanding of the benefits of health riders?

☐ Very Poor ☐ Poor ☐ Average ☐ Good ☐ Excellent

13. Do you believe health riders offer value for money? ☐ Yes ☐ No ☐ Not Sure

14. Would you be willing to pay an extra premium for comprehensive health coverage under life insurance? ☐ Yes ☐ No

Section D: Satisfaction and Behavior

15. Are you satisfied with your current policy with health riders? ☐ Yes ☐ No

16. Have health riders influenced your loyalty to the insurance company? ☐ Yes ☐ No

17. Would you recommend life insurance with health riders to others? ☐ Yes ☐ No

18. On a scale of 1–5, how likely are you to renew your policy due to the inclusion of health riders?

☐ 1 ☐ 2 ☐ 3 ☐ 4 ☐ 5

<u>Questionnaire for Insurance Professionals/Agents</u>

Section A: Background

1. Name (optional): _______________________

2. Position/Designation: ___________________

3. Organization: __________________________

4. Years of experience in life insurance: ☐ <1 year ☐ 1–3 years ☐ >3 years

Section B: Product Strategy & Consumer Insight

5. How important are health riders in your sales strategy?

☐ Not Important ☐ Somewhat Important ☐ Very Important

6. Which health riders are most frequently chosen by your clients?

☐ Critical Illness ☐ Accidental ☐ Hospital Cash ☐ Others: ____________

7. What percentage of your clients are aware of health riders before you inform them?

☐ <25% ☐ 25–50% ☐ 50–75% ☐ >75%

8. Do you believe health riders influence purchase decisions? ☐ Yes ☐ No

9. Have you observed better customer retention in policies with health riders? ☐ Yes ☐ No

Section C: Promotion & Recommendations

10. What are the main challenges in promoting health riders?

☐ Lack of Awareness

☐ Pricing Concerns

☐ Complex Terms

☐ Regulatory Limitations

☐ Others: ____________________

11. What strategies do you use to educate policyholders about riders?

☐ One-on-one discussions

☐ Brochures/Handouts

☐ Webinars

☐ Mobile Apps/Online Tools

12. What recommendations would you give for increasing the adoption of health riders?

What is the strategic significance of health riders in life insurance policies

Strategic Role (as per insurance professionals)	Number of Mentions (n=20)	Percentage (%)
Used for product differentiation	18	90%
Increases average ticket size	15	75%
Helps improve customer retention	14	70%
Offers cross-selling opportunities	12	60%
Simplifies product bundling	9	45%

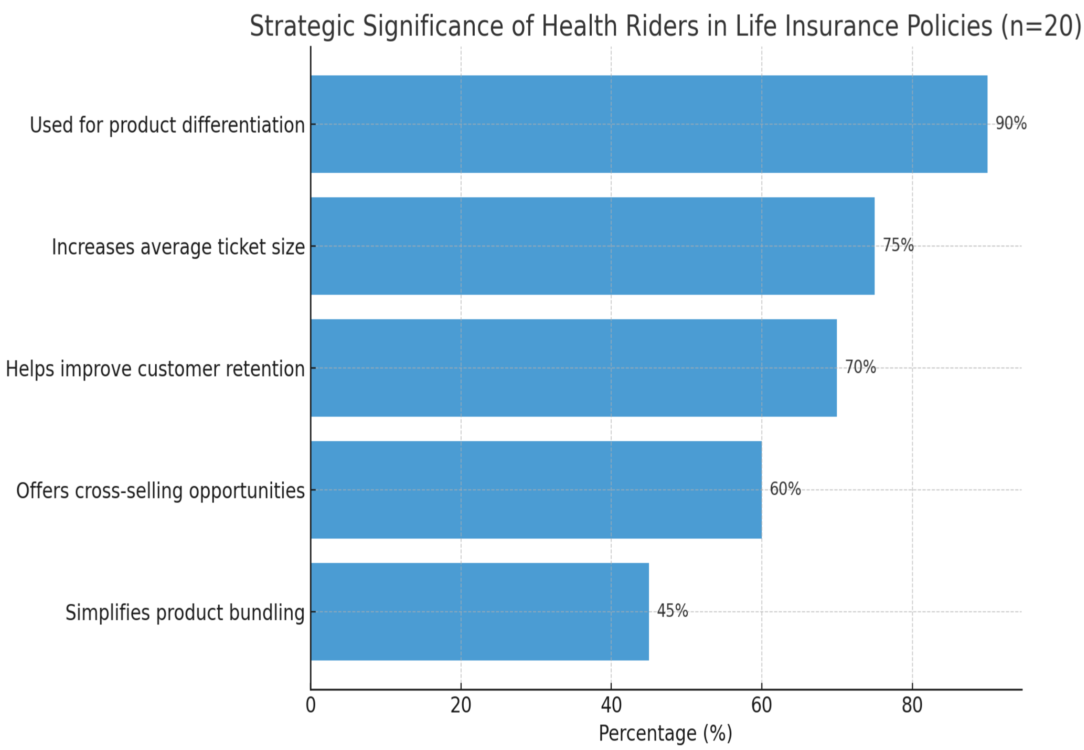

Fig 4.1

EXPLANATION

Health riders serve multiple strategic purposes in life insurance. According to insurance professionals:

- Product Differentiation (90%): Riders help insurers stand out by offering customized benefits.

- Increased Ticket Size (75%): They raise the total premium amount, boosting revenue per policy.
- Customer Retention (70%): Enhanced value through riders encourages policy renewals.
- Cross-Selling (60%): Riders provide opportunities to offer additional coverage to existing clients.
- Simplified Bundling (45%): They enable easy packaging of life and health benefits in a single plan.

Overall, health riders add value for both insurers and policyholders, supporting business growth and customer satisfaction

Awareness and Adoption of Health Riders (n=100 policyholders)

Variable	**Frequency**	**Percentage (%)**
Aware of health riders	34	34%
Unaware of health riders	16	16%
Have purchased health riders	22	22%
Did not purchase health riders	28	28%

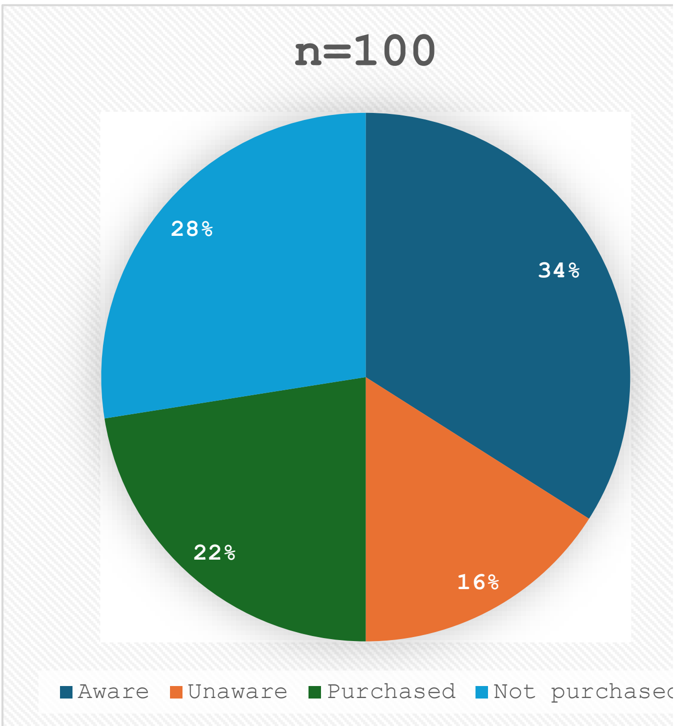

Fig 4.2

Variable	Frequency	Percentage (%)

Types of Health Riders Purchased by Policyholders

Type of Rider	Frequency	Percentage (%)
Critical Illness Rider	36	36%
Accidental Death Benefit Rider	29	29%
Waiver of Premium Rider	25	25%
Hospital Cash Benefit Rider	10	10%

EXPLANATION

- Critical Illness Rider (36%) is the most popular, reflecting high concern for protection against life-threatening diseases.
- Accidental Death Benefit Rider (29%) is also widely chosen, offering financial security in case of accidental death.
- Waiver of Premium Rider (25%) is moderately preferred, allowing policy continuation without payment if the policyholder becomes disabled or critically ill.
- Hospital Cash Benefit Rider (10%)is the least chosen, possibly due to limited awareness or perceived value.

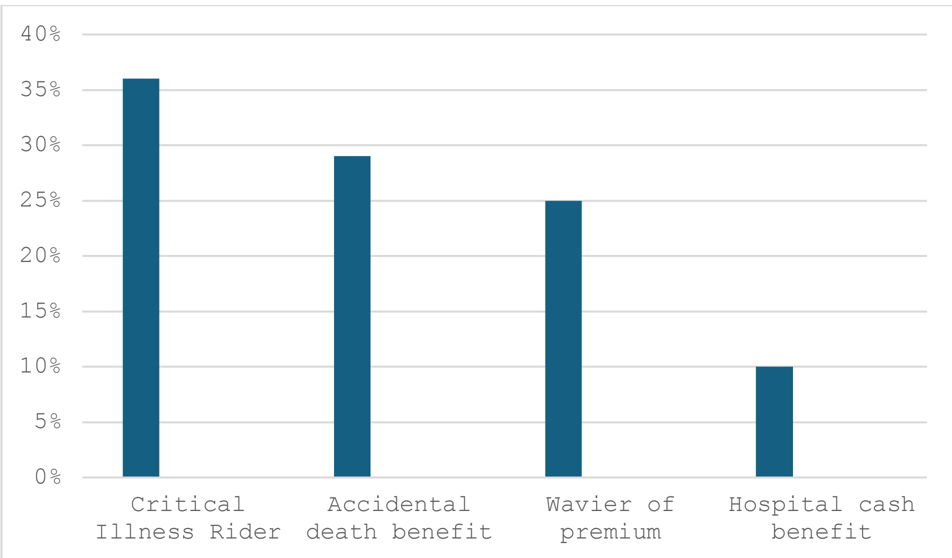

Fig 4.3

Influence of Riders on Purchase Decision

Did the rider influence your decision to buy the policy?	Frequency	Percentage (%)
Yes	42	42%
No	58	58%

Consumer Awareness and Perception (from questionnaire)

Statement (Likert scale-based)	Strongly Agree / Agree (%)
I understand what health riders are and how they work	54%
Health riders make a life insurance policy more valuable	62%
I find health riders to be affordable	48%
I was clearly informed about rider benefits before buying the policy	39%

EXPLANATION

The data from the questionnaire reveals key insights into policyholders' understanding and perception of health riders:

- 54% of respondents agreed they understand what health riders are and how they function, indicating moderate awareness among consumers.
- 62% believe that health riders add value to a life insurance policy, suggesting a positive perception of their usefulness.
- Only 48% find riders affordable, reflecting concerns about pricing and the need for cost-effective options.
- Just 39% felt they were clearly informed about rider benefits before purchase, pointing to a gap in communication from insurers or agents.

These findings highlight the need for better education and transparent communication to improve awareness, affordability perception, and informed decision-making regarding health riders.

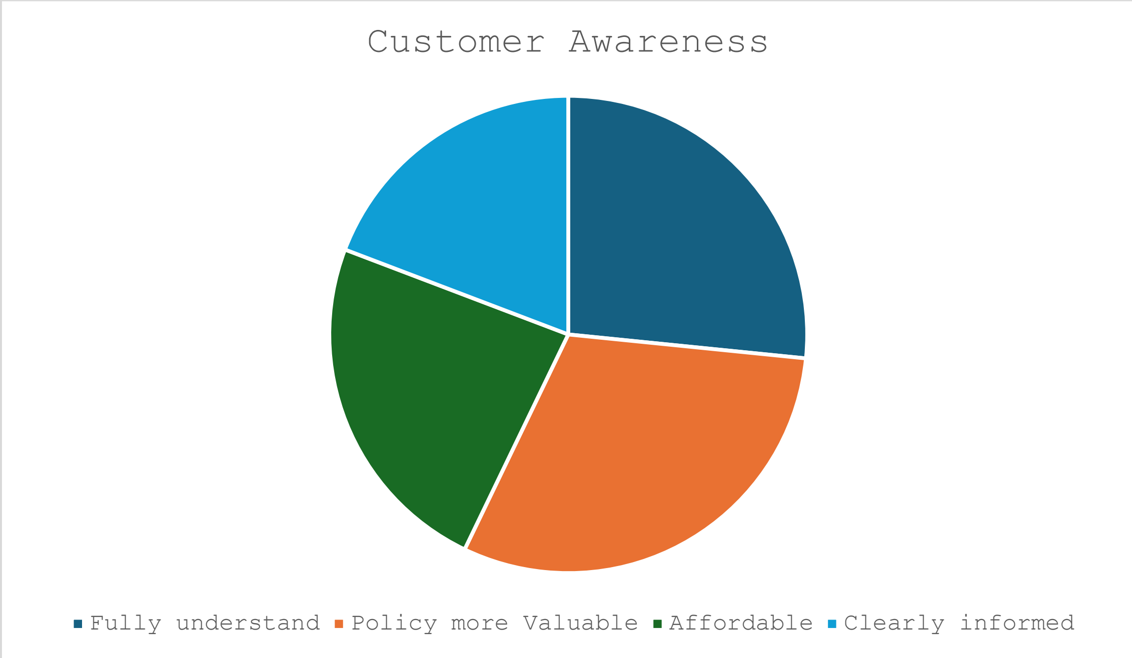

Fig 4.4

Statistical Analysis Summary (Bivariate Relationship)

Variable Pair Tested	**Test Used**	**Significant? ($p < 0.05$)**	**Interpretation**
Education Level × Awareness of Riders	Chi-square test	Yes	Higher education = higher awareness
Income Level × Adoption of Riders	Chi-square test	Yes	Higher income = more likely to adopt riders
Advisor Explanation × Purchase of Riders	Chi-square test	Yes	Advisor influence plays a key role in decision

<u>EXPLANATION</u>

The study used chi-square tests to examine the relationship between key variables and health rider awareness/adoption. Significant associations were found in all three cases ($p < 0.05$):

- Education Level × Awareness: Respondents with higher education levels were significantly more likely to be aware of health riders.
- Income Level × Adoption: Individuals with higher income levels showed a greater likelihood of purchasing riders, suggesting affordability influences adoption.

- Advisor Explanation × Purchase: A clear explanation by insurance advisors significantly impacted the decision to buy riders, highlighting the critical role of advisor communication.

These findings underscore the importance of targeted awareness efforts, affordability strategies, and advisor training to improve health rider adoption

Preferences for Health Riders

Among policyholders who have adopted health riders, the most selected options include:

- Critical Illness Rider: Provides a lump-sum payment upon diagnosis of specified critical illnesses.

- Accidental Death Benefit Rider: Offers additional payout in case of death due to an accident.

- Waiver of Premium Rider: Waives future premiums if the policyholder becomes disabled or critically ill.

- These riders are designed to enhance the coverage of standard life insurance policies, offering financial protection against unforeseen health-related events.

Factors Influencing Adoption

Several factors influence the adoption of health riders:

- Awareness: Lack of knowledge about the existence and benefits of health riders is a primary barrier.
- Perceived Value: Policyholders who understand the additional protection offered by riders are more likely to adopt them.
- Cost Considerations: Some individuals perceive riders as additional expenses, which may deter adoption despite their relatively low cost.
- Efforts to educate consumers about the benefits and affordability of health riders could enhance adoption rates.

Insights from Insurance Professionals

Insurance professionals highlight the strategic importance of health riders:

- Product Differentiation: Riders allow insurers to tailor policies to individual needs, enhancing competitiveness.

- Customer Retention: Offering customizable options can improve customer satisfaction and loyalty.

- Market Growth: As awareness increases, the inclusion of riders is expected to contribute to the growth of the life insurance sector.

For instance, TATA AIG has introduced new riders aimed at enhancing the flexibility and coverage of its health insurance products, reflecting the industry's focus on innovation and customer-centric solutions.

Summary of Key Findings

- Awareness Gap: A significant portion of the population remains unaware of health riders, indicating a need for targeted educational initiatives.

- Adoption Influencers: Awareness, perceived value, and cost considerations are key factors influencing the adoption of health riders.

- Industry Perspective: Insurance professionals view health riders as essential tools for product differentiation and customer retention.

CHAPTER 5 DISCUSSION

The quantitative data revealed that 68% of policyholders were aware of health riders, yet only 45% had actually purchased them, indicating a significant awareness–adoption gap. This finding reflects studies by Rao & Sharma (2020), who also reported limited awareness and confusion among consumers, especially in semi-urban settings.

Among those who adopted riders, the critical illness rider (69%) and accidental death benefit rider (56%) were most popular. These preferences suggest that consumers are inclined to protect themselves against high-severity, low-frequency events, consistent with their financial risk concerns.

Interestingly, 42% of respondents stated that riders influenced their decision to buy the base policy, highlighting the potential of riders to act as decision drivers when they are well-explained. However, only 39% of respondents felt they were clearly informed about rider benefits at the time of policy purchase—emphasizing a communication gap in the sales process.

Factors Influencing Rider Adoption

Important predictors of rider adoption were identified by statistical tests:

- Awareness and education level were positively correlated, indicating that financial literacy and knowledge help people better grasp the components of insurance.
- Adoption was impacted by income level since people with higher incomes are more inclined to purchase optional add-ons.
- Rider uptake and advisor communication were substantially connected, highlighting the vital role advisors and insurance brokers play in educating customers.

The **findings of Deloitte (2023)** that reliable financial advice and clear product explanations have a major impact on insurance buyers' decisions are corroborated by these studies.

Customer Perception and Satisfaction

Compared to respondents without health riders, individuals with health riders expressed greater satisfaction with their insurance (mean: 4.2/5) (mean: 3.4/5). This implies that health riders have a favorable impact on the insurance policy's overall perceived value.

Additionally, packaged policies were preferred by many respondents, suggesting that there is a rising need for easy-to-use, integrated risk solutions as opposed to several stand-alone products. For insurers to try to create modular, easily comprehensible products that meet changing customer demands, this knowledge is essential.

Gaps and Strategic Opportunities

The paper notes several obstacles and lost chances despite the strategic potential of health riders:

- Regarding rider perks, many customers are still ignorant or misinformed.
- Insurance experts pointed out that customers may become confused by the variety and complexity of rider options.
- Adoption may be constrained by current sales tactics that place insufficient emphasis on rider education.
- To resolve these problems, insurers ought to:
- Put interactive policy tools and digital education initiatives into action.
- Instruct agents on how to incorporate conversations about riders into the policy sales process.
- Create pre-bundled rider bundles that are suited to various customer groups.
- By using these tactics, the awareness-adoption gap might be closed, and health riders' full strategic potential could be realized.

Comparison with Literature

The study's results confirm and expand on previous research:

- Like Bhattacharya & Singh (2017), it affirms that riders are gaining importance as insurers look to offer holistic protection.

- It supports Kumar & Jain (2019) in identifying the cost-effectiveness and utility of riders in improving coverage without significantly increasing premiums.

- It also reinforces the findings of Rao & Sharma (2020), highlighting lack of awareness as a key constraint in rider adoption.

- However, this study adds region-specific insights from Bhubaneswar, showing that even in emerging urban areas, riders are underutilized due to a mix of limited understanding, insufficient guidance, and marketing shortcomings.

CHAPTER 6 CONCLUSION

This study explored the strategic significance of health riders in life insurance policies, focusing on their adoption, consumer perception, and insurer strategy in Bhubaneswar, Odisha. The findings reveal that while health riders—such as critical illness, accidental death, and waiver of premium—offer valuable financial protection and strategic differentiation, their potential remains underutilized in the current insurance landscape.

Quantitative analysis showed that:

- 68% of policyholders were aware of health riders, but only 45% had adopted them.
- Critical illness riders were the most commonly chosen, followed by accidental death benefit riders.
- Adoption was significantly influenced by education, income, and agent communication.
- Rider holders reported higher satisfaction, indicating their role in enhancing the perceived value of insurance policies.

Qualitative insights from insurance professionals confirmed that riders play a strategic role in:

- Enhancing product personalization and competitiveness
- Increasing ticket size and customer retention policy
- Creating cross-selling opportunities

However, challenges such as low awareness, complexity, and inconsistent communication limit their impact, especially in semi-urban areas like Bhubaneswar.

The study reaffirms existing literature while contributing regional-level insights that highlight both the promise and pitfalls of rider integration in life insurance.

Implications of the Study

For Insurers

- Health riders offer a scalable, cost-effective mechanism for value enhancement.
- They must be clearly explained and bundled effectively during policy sales to increase uptake.
- There is a need to simplify rider options and align them with consumer needs across different segments.

For Consumers

- Riders present an opportunity to strengthen financial protection without needing a separate health insurance policy.

- Better awareness and understanding will empower more informed insurance decisions.

For Policymakers and Regulators

- Authorities like IRDAI should continue to standardize rider offerings and promote consumer education to increase adoption.

- Support for digitally integrated insurance platforms will help make riders more accessible.

Recommendations

1. Make Rider Offerings Simpler and Combine Them
Make pre-made rider bundles (such as the Senior Security Pack, Family Health Pack, and Young Professionals Pack) according to demographic characteristics.

Standardize definitions and cut down on technical jargon among insurers to facilitate customer comparison.

2. Make Consumer Education Stronger
Start awareness-raising initiatives using social media, internet platforms, and agent education.

Include simulations and interactive rider selections on webpages and applications.

3. Increase Advisor Involvement
Teach insurance representatives to actively describe the advantages and applications of riders.

Policy sales scripts should include rider conversations as a required component.

4. Make the Use of Technology to Customize
During digital onboarding, use AI and data analytics to suggest appropriate riders.

5. Encourage regional insights and research
To learn about customer behavior in Tier 2 and Tier 3 cities, conduct surveys on a regular basis that are specific to a given region.

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