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

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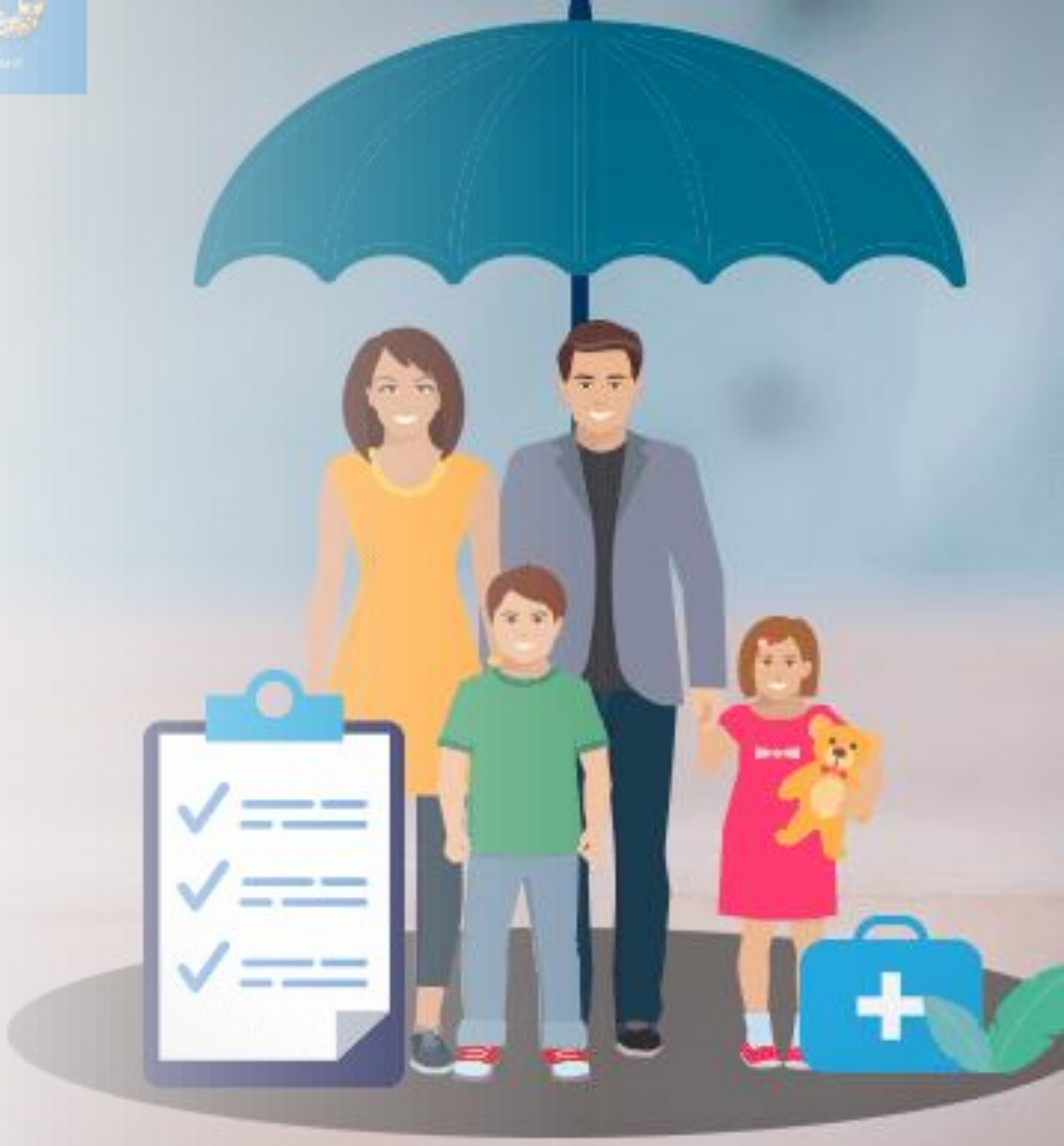


INTRODUCTION

- Life insurance is evolving to offer comprehensive protection beyond just death benefits
- Health riders are optional add-ons that enhance the coverage of base life insurance policies.

➢ Common riders include:

➢ Critical illness cover

➢ Accidental death benefit

- Post-COVID, demand for health protection and customized insurance solutions has increased Despite their benefits, awareness and adoption of riders remain low among policyholders.
- This study explores the strategic importance of health riders and their impact on customer behavior.
- **Aim of the Study-** To examine the growing role of health riders in life insurance policies and analyze the factors influencing their awareness and adoption.

BALIC- VISION & GUIDING PRINCIPLES

- **Vision** -To enhance the financial well-being and holistic health security of every Indian household by integrating comprehensive health riders into life insurance policies, ensuring accessible and inclusive protection for all.

Guiding Principles

1. **Customer-Centricity**: Prioritizing the real needs and health concerns of policyholders.
2. **Integrity in Research**: Ensuring that all data collection, analysis, and interpretations are unbiased, ethical, and transparent.
3. **Innovation**: Exploring new, evidence-based approaches for integrating health solutions with life insurance.
4. **Impact-Driven**: Focusing on insights that can lead to actionable change in strategy, awareness campaigns, and product development.
5. **Collaboration**: Working closely with the internal teams, advisors, and policyholders to gather holistic insights.
6. **Inclusiveness**: Ensuring that the analysis accounts for diverse demographics, including vulnerable and underinsured populations.

REVIEW OF LITERATURE

. Singh, R. (2021) Title: *"Awareness and Adoption of Health Riders in Urban India"*	Objective: To evaluate awareness levels of health riders among urban policyholders	Key Findings: • Only 45% of policyholders were aware of riders. • Riders like critical illness and accidental cover were most preferred. • Insurance agents were the primary source of information.
Mehta, S. & Kapoor, A. (2020)Title: "*Strategic Role of Riders in Life Insurance Penetration*"	Objective: To explore how riders can help increase insurance coverage in India.	Key Findings: • Riders add flexibility and personalization to base policies. • Including riders improves customer satisfaction and retention. • Lack of consumer education is a major barrier to adoption.
Sharma, N. (2019)Title: "*Customer Perception Towards Add-on Insurance Products"*	Objective: To analyze how customers perceive the value of health riders.	• 62% of respondents viewed riders as cost-effective in the long run • Simplified rider explanations increased adoption intent. • Digital policyholders showed higher awareness compared to offline buyers.

Chatterjee, A. & Sengupta, R. (2020) *Perception and Awareness of Health Riders in Life Insurance Policies: A Study of Urban Consumers in India"*	Objective: To explore customer awareness and perception towards health riders in life insurance policies in urban India	• Awareness of riders was moderate among policyholders, but willingness to purchase was high if properly explained. • Agents played a crucial role in influencing rider purchase. • Health riders were seen as value additions rather than standalone benefits.
Patel, V. & Trivedi, D. (2021) *Perception and Awareness of Riders in Life Insurance Policies: Evidence from Urban India"*	Objective: To assess the strategic importance of riders in improving customer retention in life insurance.	**Key Findings:** •Health riders increased customer satisfaction and renewal rates. •Riders encouraged customers to stay with the same insurer due to added health coverage. •Riders contributed to brand differentiation in a competitive market.

Rathi, P. & Kumar, S. (2022) *Awareness and Utilization of Health Insurance Riders Among Policyholders in Urban IndiaJournal: International Journal of Insurance Studies, Vol. 15(2), pp. 80–92.*	Objective: To analyze customer preferences for different types of riders in life insurance.	•Critical illness and hospital cash riders were the most preferred. •Customers valued customizable plans with rider flexibility. •Simpler communication about rider benefits improved adoption.
Singh, L. M. et al. (2023) *Potential Impact of the Insurance on Catastrophic Health Expenditures Among the Urban Poor Population in India*	To study the awareness and perceived value of health riders among middle-income households.	•Most respondents lacked initial awareness but showed strong interest when educated. •Health riders were considered cost-effective risk management tools. •Recommendation from financial advisors heavily influenced rider purchase.

METHODOLOGY

Research Design

A descriptive research design was adopted to study the role, awareness, and adoption of health riders in life insurance. The study aimed to understand consumer behaviour

Data Collection Methods

Primary Data:

- A structured questionnaire was developed and circulated among 100 policyholders(Individuals aged 25–60) who hold life insurance policies and 20 insurance professionals of Bajaj Allianz Life Insurance.
- In-depth interviews with selected insurance advisors and internal stakeholders were conducted to gain qualitative insights.

Secondary Data:

- Company brochures, rider policy documents, and reports.

STUDY TOOLS: Structured questionnaire for policyholders and agents.

STUDY POPULATION : Insurance professionals involved in product strategy and policyholders in Bhubaneshwar, Odisha

DURATION OF STUDY: March 2025 to May 2025.

SAMPLE SIZE: 100 policyholders and 20 insurance professionals in the town of Bhubaneswar, Odisha.

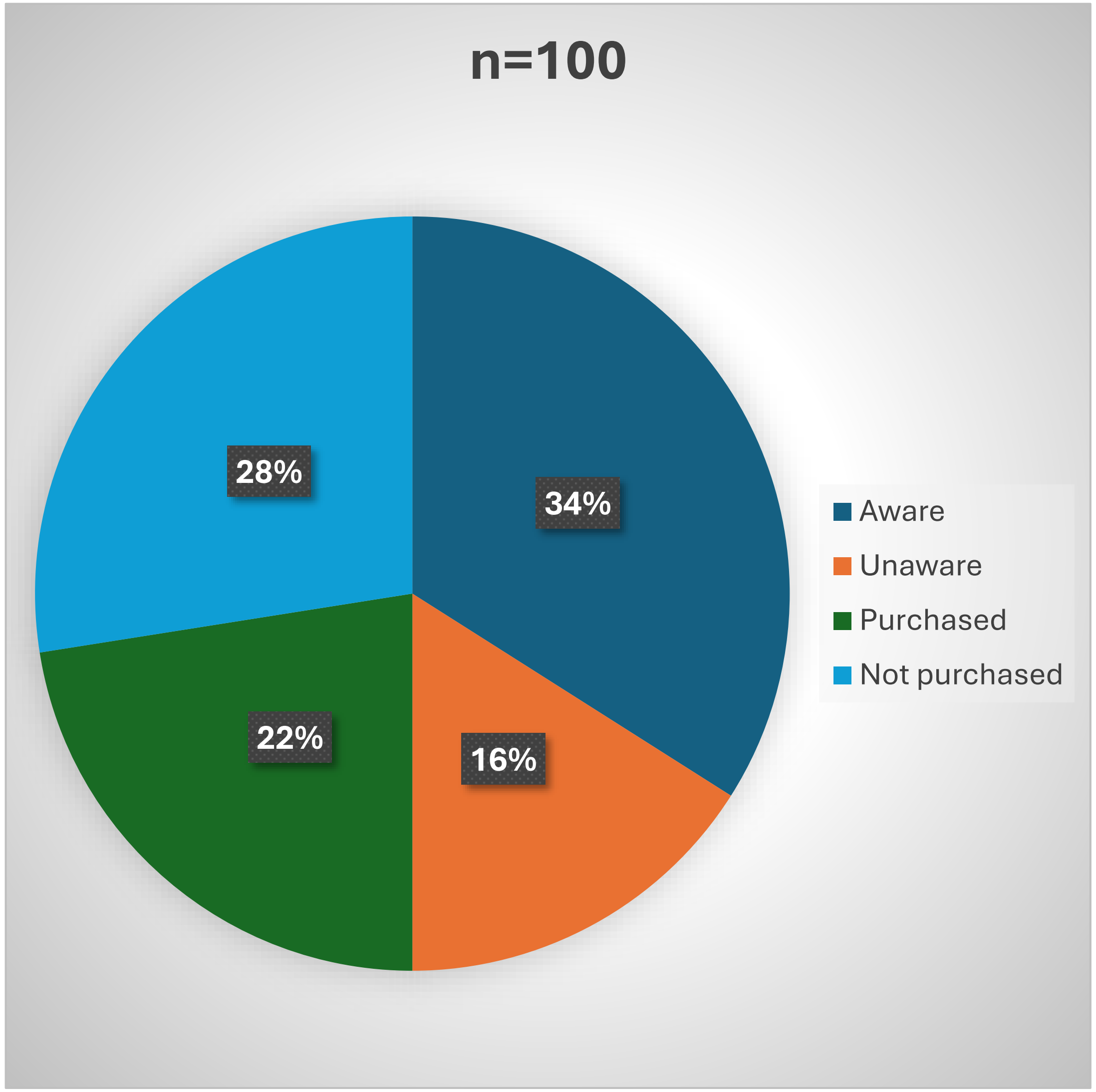
SAMPLING TECHNIQUE: Simple random sampling for policyholders; random sampling for professionals.

DATA COLLECTION PROCEDURE: Both online and offline interviews.

ANALYSIS AND FINDINGS

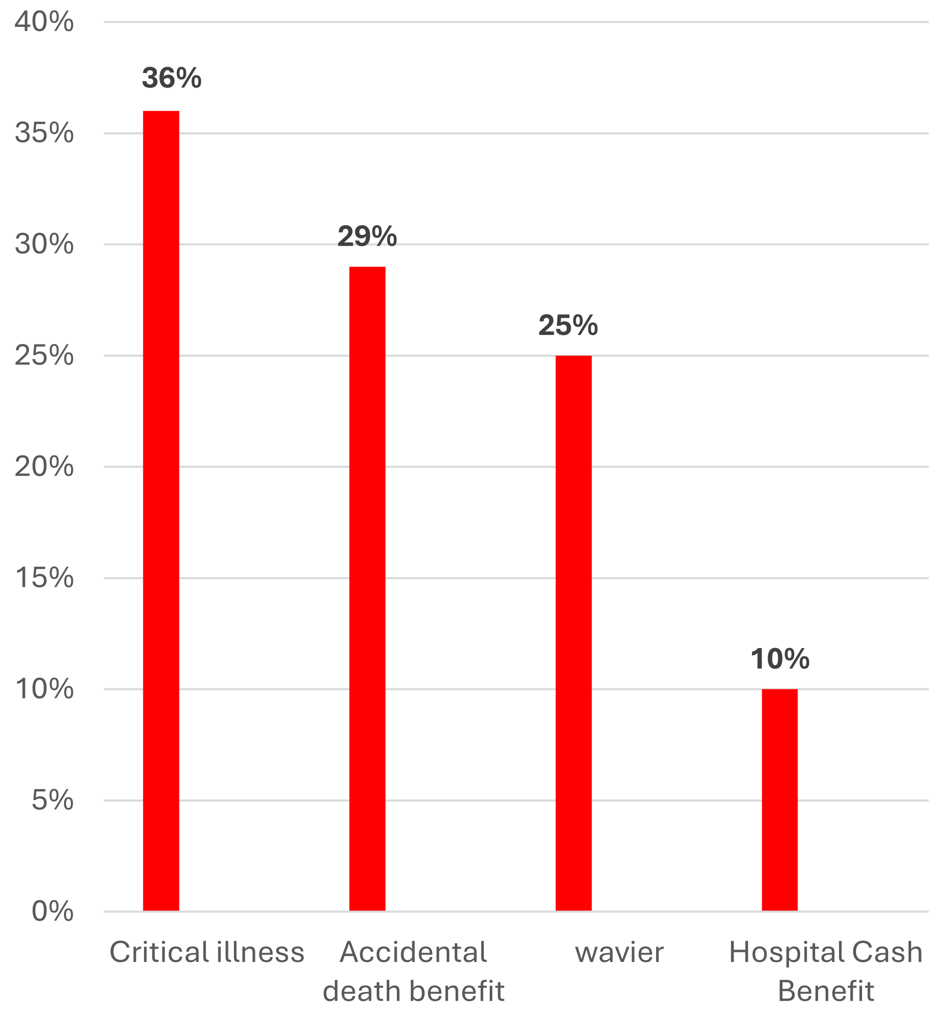
AWARENESS AND ADOPTION OF HEALTH RIDERS(n=100)

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%



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%



Did the rider influence your decision to buy the policy?

	Frequency	Percentage (%)
Yes	42	42%
No	58	58%

42% of the respondents said that health riders influenced their decision to purchase the life insurance policy.

- ➢ This suggests that for a significant portion of customers, riders such as critical illness, accidental death, or hospital cash benefits add value and appeal to the policy.

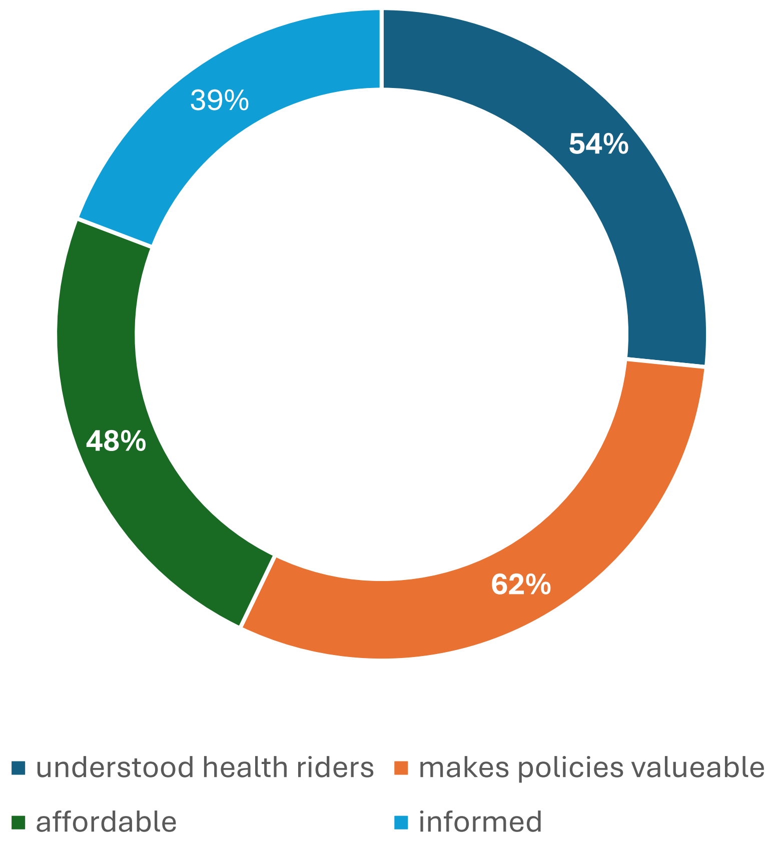
However, a majority (58%) indicated that riders did not influence their decision.

This could be due to

- Lack of awareness or understanding about riders.
- Riders being perceived as optional or non-essential
- The primary focus being on the core life cover rather than add-ons.

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%



DISCUSSION

The data reveals an interesting insight into consumer behavior concerning health riders in life insurance policies.

When asked whether the availability of riders influenced their decision to purchase the policy, 42% of respondents affirmed that it did, while 58% stated otherwise.

Data showed a positive correlation between income, education level, and rider adoption. Higher-income and more educated individuals were more likely to opt for riders, likely due to greater financial literacy and risk awareness.

Many policyholders perceived riders as useful but optional, or as additional expenses. There is a clear gap between perceived and actual value, which can be bridged through tailored communication, transparent pricing.

Bridging this gap will require a collaborative effort—insurers must invest in product education, train advisors to act as financial educators, and develop customer-centric marketing strategies.

STRENGTHS OF THE STUDY

- **Focused Research Objective**-The study had a clearly defined aim—to analyze the growing role of health riders in life insurance policies—which allowed for a targeted and in-depth examination of the topic.
- **Combination of Primary and Secondary Data**-The use of survey data from policyholders, along with inputs from industry professionals and existing literature, provided a holistic perspective on the issue
- **Relevance to Current Market Trends -** With increasing health concerns and financial uncertainties, the topic of health riders is highly relevant, making the study both timely and practically applicable for insurers and policyholders alike.

WEAKNESS OF THE STUDY

- **Sample Size Constraints**-The study was limited to a relatively small number of policyholders (n=100) and insurance professionals (n=20), which may not fully capture the diversity of the larger insurance market.
- **Geographical Limitation**-The data was only collected from the Urban population of Bhubaneswar, Odisha.
- **Limited Time Frame**-The study was conducted within a short time period, which restricted the ability to assess long-term changes in awareness or behavior regarding riders.

RECOMMENDATIONS

- **Enhance Awareness and Education**
  - Insurance companies should develop targeted awareness campaigns using simple language, visuals, and relatable case studies to explain the benefits and functioning of health riders.
  - Incorporate digital tools, brochures, and videos that demystify riders for consumers across different age and income groups.
- **Empower Insurance Advisors**
  - Advisors and agents should receive specialized training to effectively communicate the importance, coverage, and claim processes of riders.
  - Create incentive structures for agents who successfully promote riders along with base policies.
- **Bundle Riders Strategically**
  - Offer **pre-bundled rider options** based on customer profiles (e.g., family protection pack, health security pack), making it easier for customers to select appropriate coverage without being overwhelmed by too many choices.

CONCLUSION

- Health riders are strategically important in life insurance policies, offering benefits like enhanced coverage, product differentiation, and customer retention.
- A large number of policyholders still view riders as optional or non-essential, primarily due to lack of awareness or understanding.
- Key factors influencing rider adoption include education level, income, and advisor explanation, highlighting the role of financial literacy and effective communication.
- With the right strategies—such as affordable rider options, digital awareness tools, and trained advisors—riders can become an integral part of life insurance planning.
- Overall, health riders present an untapped opportunity for insurers and a pathway toward more comprehensive and customizable insurance solutions for consumers.

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