SYNOPSIS

Submitted by -Shweta Panda

TITLE

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

INTRODUCTION

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/)

Health riders are not only providing added value to policyholders but are also serving as strategic instruments for insurers to differentiate their offerings in a competitive market. From a business standpoint, they enhance product customization, increase average ticket size, and improve customer loyalty. Despite their potential, there remains a gap in consumer awareness and understanding regarding these riders. This study aims to explore the strategic dimensions of health riders in life insurance policies, assessing how they influence consumer behavior, insurer strategy, and overall policy performance. Through this research, insurers can gain actionable insights into aligning product innovation with evolving customer expectations. (IRDAI Annual Report 2022–23, Swiss Re, 2022, Deloitte, 2023).

Importance/ relevance of study

This study is important as it explores how health riders enhance the value of life insurance policies by offering comprehensive coverage. It highlights their role in improving customer satisfaction and insurer competitiveness. The findings can guide insurers in designing more effective, need-based products. It also contributes to bridging the awareness gap among policyholders regarding rider benefits.

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?

OBJECTIVES

- To analyze 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.

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.

MATERIAL AND METHODS

STUDY DESIGN

- Analytical cross-sectional study.

SETTING:

- Insurance policyholders and professionals from selected branches of life insurance companies in urban and semi-urban areas of Bhubaneshwar, Odisha

Inclusion Criteria:

- Individuals aged 25–60 who hold life insurance policies in Bhubaneshwar, Odisha

Exclusion Criteria:

- Individuals without any life insurance policies
- The age group is below 25 years and above 60 years.
  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 June 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 surveys
  OPERATIONAL DEFINITIONS.
- Health Riders: Add-on benefits providing coverage for specific health conditions.
- Strategic Role: Contribution to market differentiation, customer retention, and competitive advantage.

DATA ANALYSIS PLAN

<u>Software to be Used</u>*:*

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

<u>Descriptive Statistics</u>:

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

<u>Univariate Analysis:</u>

- To describe the demographic profile of respondents.

<u>Bivariate Analysis:</u>

- 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

Informed consent will be taken from all participants. Confidentiality and anonymity of responses will be maintained.

Implications of Research

This study will help insurers understand the strategic value of health riders and enable better product design. It will also guide policymakers in promoting bundled insurance products to bridge the protection gap in health and life coverage.

REFERENCES

- Insurance Regulatory and Development Authority of India (IRDAI). Annual Report 2022-23. Hyderabad: IRDAI; 2023. Available from: https://irdai.gov.in
- Gupta R, Dhingra V. An analytical study of the impact of riders in life insurance policies. International Journal of Management and Applied Science. 2021;7(3):11-15.
- Swiss Re Institute. India's insurance sector: Turning promise into performance. Zurich: Swiss Re; 2022. Available from: https://www.swissre.com
- Rao P, Sharma A. Consumer behavior and awareness towards health riders in life insurance: A study in urban India. Journal of Risk and Insurance Studies. 2020;5(2):45-54.
- Deloitte. Insurance sector in India: Poised for higher growth. Deloitte India; 2023. Available from: https://www2.deloitte.com
- Mishra K. Insurance: Principles and Practice. 23rd ed. Mumbai: S Chand Publishing; 2022.