

Performance And Perception of The Policyholders Towards Star Health Insurance

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ABSTRACT

Health insurance is insurance against the risk of incurring health problems among individuals. By estimating the overall risk of health care and health system expenses, among a targeted group, an insurer can develop a routine finance structure, such as a monthly premium or payroll tax, to ensure that money is available to pay for the health care benefits specified in the insurance agreement. The benefit is administered by a central organization such a government agency, private business, or not-for-profit entity. The success of health insurance mainly depends upon customer satisfaction, awareness, customer preference towards health insurance, and the satisfaction of customers *etc.*, that arise due to an illness. These expenses could be related to hospitalisation costs, cost of medicines or doctor consultation fees. Insurance is a contract that requires an insurer to pay some or all of a person's healthcare costs in exchange for a premium. More specifically, health insurance typically pays for medical, surgical, prescription drug, and sometimes dental expenses incurred by the insured. The present study focuses on the performance of the Star health insurance company and perception of the people towards Star health insurance policies.

Keywords: Health Insurance, Star Health and Allied Insurance Company, Initial Public Offering, Network Hospitals, Agents, Claim Settlement Ratio, Third Party Administrator.



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INTRODUCTION

Health insurance has become an inevitable part of securing the health and financial well-being. It is ensured that the Star health insurance offers the secured future to the people with the best health insurance policy in India. It provides several benefits to the insured, including quality medical check-ups, coverage for treatment expenses, cashless hospitalisation, and more. Star Health and Allied Insurance Company Limited (STAR HEALTH) was founded in 2006 by V. Jagannathan and ETA Group.

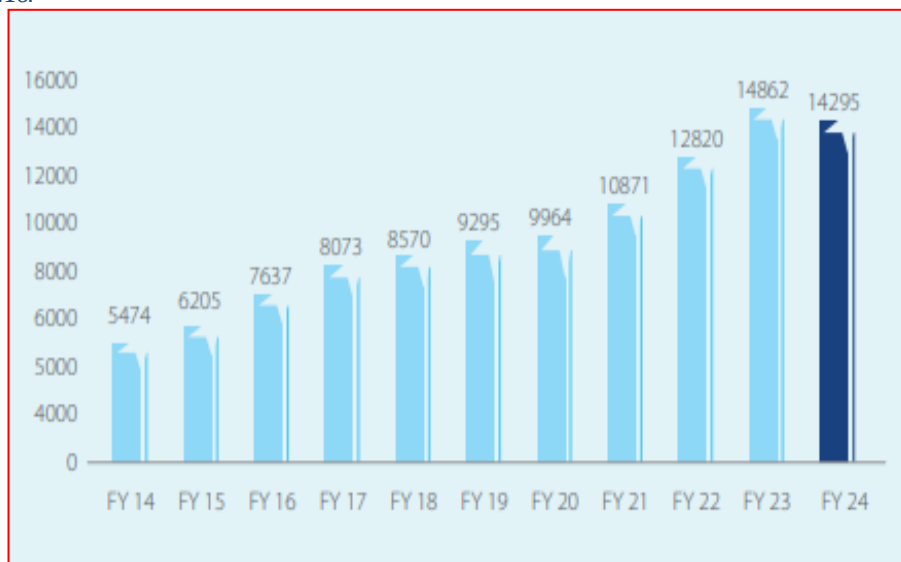
It is India's first standalone health insurance company. Star Health offers a range of health insurance plans, including the Super Star, Star Women Care, and Senior Citizens Red Carpet Health Insurance policies. Star Health enjoys a presence in 26 States and 4 Union Territories. This presence is supported by 737 branch offices across the country.

MILESTONES OF STAR HEALTH INSURANCE COMPANY

- 2006: Star Health was founded as a joint venture between Jagannathan.V and ETA Group
- 2018–19: Star Health was acquired by a consortium led by West Bridge Capital, Madison Capital and Rakesh Jhunjhunwala
- 2020: attains Highest Market share in the health insurance industry
- 2021: Star Health launched an Initial Public Offering (IPO)

As on 31st March 2024, with over 14,000 Network Hospitals, 850+ branch offices spread across the country, over 6.80 lakh agents and over Rs. 30,300 crore in paid claims, we are truly the health insurers to the nation.

Figure 1 Total Network Hospitals Growth



Source: Annual Reports of Star Health Insurance, 2023-2024

Star Health Insurance Claim Settlement Ratio

Star Health Insurance Claim Settlement Ratio (CSR) defines the percentage of claims that Star Health & Allied Insurance has settled in the fiscal year. Simply put, CSR is the ratio of the insurance claims settled against the total number of claims received by the insurer in a financial year. It enables customers to decide how likely an insurance company is to settle their claims. Star Health and Allied Insurance Company has earned a claim settlement ratio of 79.5% in FY 2023-24. Moreover, the insurer also has an in-house claim settlement team that ensures zero-intervention of a Third-Party Administrator (TPA) and timely settlement of claims. The claim settlement process of health insurance involves two types, namely 1. Cashless claims and 2. Reimbursement claims.

1) Cashless Claim

Cashless claims for treatment at the network hospitals associated with the insurance company can be made.

- Claim Intimation's first step involves informing the insurer (or TPA) through a call or email.
- Document approval involves the hospital examining the health card and identity of the policyholder and submitting the pre-authorisation form to the insurer / TPA.
- Claim Settlement involves the insurer / TPA sharing the approval (if everything is found in order). After the treatment is completed, the insurer will settle the treatment bills directly with that network hospital.
- But there is some exclusion, like the expenses that won't be paid by the TPA/ insurer, which have to be settled only by the patient/family directly at the hospital.

2) Reimbursement Claim

A reimbursement claim filing can be made by the claimant if he/she selects to get treatment at hospitals networked with the insurance company. However, the policyholder has to pay the incurred costs out of pocket, after which they can file a claim with the insurer for the reimbursement process.

Here are the steps involved in filing a reimbursement claim.

- Claim intimation involves informing the insurance company about the hospitalisation as per the insurer's timeline.
- The insured need to submit the documents along with the claim form. Document approval involves the insurance company checking all the submitted documents.
- Claim reimbursement involves settlement of the claim as per the terms and conditions of the policy after the completion of all the formalities. Later, the amount will be transferred to the claimant's registered bank account.

STATEMENT OF THE PROBLEM

The Star health insurance company is focused on the retail health segment, which is expected to emerge as the key driver of the overall health insurance industry in India on account of its low penetration and positive demographic realities. The company is the largest private health insurer in India. It has grown into the largest SAHI Company in India's overall health insurance market, consistently ranked first in the private health insurance market and retail health insurance market. The company's market share of 31.3 per cent in the retail health gross written premiums is a testimony to its leading presence in this segment of India's general insurance industry. One of the most effective means of customer engagement is the choice and flexibility that we provide customers. The company has provided multiple touch points across the country. Prospective customers can walk into the operating branches. They can be visited by authorised agents access the company website. Hence, an attempt has been made to study the performance as well as perception of the policyholders towards Star Health Insurance.

SCOPE OF THE STUDY

The scope of the study is confined to study the operating performance of the Star health insurance

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company and opinion of the policyholders towards the key concepts of health insurance.

OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

1. To study the history and growth of Star health insurance company
2. To examine the perception of the policyholders towards Star health insurance

RESEARCH METHODOLOGY

The present study is based on both primary and secondary data. The primary data has been gathered from 160 policyholders. The secondary data has been collected from annual records of Star Health Insurance Company. The questionnaire has been used for the collection of primary data. The area of the study is Mysore. Convenience sampling technique has been adopted for the selection of samples.

PERCEPTION OF THE PEOPLE TOWARDS STAR HEALTH INSURANCE

The perception of the policyholders towards some key concepts implied in the Star health insurance is given in the questionnaire. The policyholders are asked to rate these key concepts via Likert's five point scale.

• **Moratorium period:** After completion of eight continuous years under the policy no look back to be applied. This period of eight years is called as moratorium period. The moratorium would be applicable for the sums insured of the first policy and subsequently completion of 8 continuous years would be applicable from date of enhancement of sums insured only on the enhanced limits.

• **Notification of Claim :** Upon the happening of the event, notice with full particulars shall be sent to the

Company within 24 hours from the date of occurrence of the event irrespective of whether the event is likely to give rise to a claim under the policy or not.

• **Nomination:** The policyholder is required at the inception of the policy to make a nomination for the purpose of payment of claims under the policy in the event of death of the policyholder. Any change of nomination shall be communicated to the company in writing and such change shall be effective only when an endorsement on the policy is made.

• **Cancellation of policy:** The policyholder may cancel this policy by giving 15 days' written notice and in such an event, the Company shall refund premium for the unexpired policy period

• **Automatic Expiry:** The insurance under this policy with respect to each relevant Insured Person / beneficiary / family shall expire immediately on the earlier of the following events: Upon the death of the Insured Person. This also means that in case of family floater policy, cover] for other surviving members of the family will continue, subject to other terms of the policy upon exhaustion of the sum insured under the policy.

• **Arbitration:** If any dispute or difference shall arise as to the quantum to be paid under this Policy (liability being otherwise admitted) such difference shall independently of all other questions be referred to the decision of a sole arbitrator to be appointed in writing by the parties to the dispute/difference, or if they cannot agree upon a single arbitrator within 30 days of any party invoking arbitration.

• **Customer Service -** If at any time the Insured Person requires any clarification or assistance, the insured may contact the offices of the Company at the address specified, during normal business hours.

Table 1 Perception of the Policyholders towards Star Health Insurance

Key concepts		Highly Satisfied	Satisfied	No opinion	Dissatisfied	Highly dissatisfied	Total
Moratorium Period	Count	67	52	16	14	11	160
	%	41.88	32.50	10.00	8.75	6.88	100.00
Notification of claim	Count	61	53	14	19	13	160
	%	38.13	33.13	8.75	11.88	8.13	100.00
Nomination	Count	49	54	17	18	22	160
	%	30.63	33.75	10.63	11.25	13.75	100.00
Cancellation of policy	Count	64	42	15	27	12	160
	%	40.00	26.25	9.38	16.88	7.50	100.00
Automatic expiry of policy	Count	52	57	17	23	11	160
	%	32.50	35.63	10.63	14.38	6.88	100.00
Arbitration	Count	87	10	42	13	8	160
	%	54.38	6.25	26.25	8.13	5.00	100.00
Migration of policy	Count	58	40	17	18	27	160
	%	36.25	25.00	10.63	11.25	16.88	100.00
Customer service	Count	72	53	9	12	14	160
	%	45.00	33.13	5.63	7.50	8.75	100.00

Source: Primary data

Kendall's Concordance test has been used to examine the perception of the policyholders towards Star health insurance policy.

Table 2 Perception of the Policyholders Towards Star Health Insurance – Mean Score

Key concepts	Mean Score
Moratorium Period	3.84

Notification of claim	2.51
Nomination	4.58
Cancellation of policy	2.74
Automatic expiry of policy	1.68
Arbitration	2.84
Migration of policy	3.15
Customer service	4.21

Source: Primary data

It is interesting to note that nomination facility got dominant score of 4.58 followed by customer service (4.21). The null hypothesis framed is that the customers of Star Health Insurance Company have low level perception.

Table 3 Perception of the Policyholders Towards Star Health Insurance – Mean Score

Kendall's concordance value	:	18.529
DF	:	6
Critic value	:	12.541
Level of Significance	:	95
P value	:	0.000

Source: Primary data

The calculated value of Kendall's concordance test is 18.529 and its table value at 95% level of significance for Df = 6 is 12.541. the calculated value is more than the table value, the null hypothesis is rejected. The null hypothesis framed is that the customers of Star Health Insurance Company have high level perception.

FINDINGS

- Policyholders have shown a high level of awareness and satisfaction towards Star Health Insurance, with many appreciating the company's role in providing health insurance coverage
- The company has been effective in addressing policyholders' grievances, with proper explanations provided in case of claim rejections.
- Policyholders have reported positive perceptions regarding the role of agents in product sales, highlighting their regular reminders about premium dates.
- Customers have highly appreciated the risk cover factor offered by Star Health Insurance, with a close association between overall satisfaction and customers' level of satisfaction towards various features of services.
- Overall, the studies suggest that Star Health Insurance has been performing well in terms of policyholder satisfaction and perception. However, there is always room for improvement, and the company can focus on enhancing its services to further increase policyholder satisfaction.

CONCLUSION

Star Health is respected for its sensitive and timely service. The Company has one of the largest health insurance hospital networks in India. The company's inconvenience-free in-house claims settlement (without the intervention of TPA) has been complemented by a service standard that comprises personalised doctor visits for customers getting hospitalised and a free second medical opinion. The four key pillars of Star Health are respect, care, culture and recognition.

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