



COVID 19, TURMOLING THE INSURANCE SECTOR IN INDIA

Mrs. Saswati Mohanty

Ph.D Research Scholar

Department of Commerce
Kamala Nehru Women's College,
Bhubaneswar – 1, Odisha

Under the Guidance of

Prof. Dr. Vishal Sood

Sri Sri University, Govindpur, Cuttack, Odisha

Abstract- The grim impact of Covid – 19 pandemic have turmoiled the financial sector across the Globe & Insurance sector is witnessing the same Indian economic in the past three years are facing the similar adversities resulting in decreased growth rate & GDR & as contributed by various micro and macro variables. Insurance sector is generally considered as a hedge against the unfavourable & unconditional circumstances resulting in death of near & dear ones. In the current scenario, Insurance sector are observing excessive financial dislocation in & among all the assets classes due to intense mortality rate. This paper will coin a deep understanding about the life leaps & bounce (up and down) observed by Life Insurance Industry at large. The study will investigate various factors which are responsible for creating financial risk in the life of Insurance sector. However insurance sector is the act of household of setting the claims & reduction capital structure. Achieving financial stability is a concern to Life Insurance. The article can provide/figure out of these ambiguities & will attempt to explore well deep into the prospects of overcoming these uncertainties during the turbulent of time.

Index Terms- Turmoling – A state of disturbance uncertainty & confusion in the country. Grim – Sorrow

I. INTRODUCTION

The Insurance industry in India has seen a strong growth series after the year 2000 and broadly divided into two major categories i.e. , life insurance and Non-life insurance . Both the sectors and governed by the insurance regulatory Development Authority of India (IRDAI). The role of IRDA is to regulate and monitor the entire insurance sector in India. All the insurance have to follow the rules and regulations of the IRDA . The insurance sector in India consist of a total of 57 insurance companies ,out of which 24 companies are the life insurance providers and the remaining 33 are non-life insurance. All life insurance company offer wide range of product under both individual and group schemes. The covid-19 pandemic and succeeding lockdown have impacted various sector of the economy and both life and non-life insurance business has also affected adversely by current pandemic situation The insurance industry is one of the most important sectors in the economy, accounting for around 5% to 7% of GDP . Several changes occur in every field of the economy during this pandemic. With the reported rise Input business in the health insurance sector, the insurance sector as a whole is experiencing a downturn. Input India, only 18% of the populations in urban areas and 14% of the population in rural areas have health insurance.

New business policy sales have been dropped percentage of policy lapsation has been increased and also noted delay in premium payment. This will bring about the industry losing around four million policies and

premiums value around RS 45,000 Crore. According to MD LIC, around RS 30,000 Crore of renewal premium did not received because of tendency to save more by middle income group people in view of increasing life risk and uncertainly due to continuous lockdown (Vaidyanathan Ramani , 2020) . if the slow down continuous there will be more unfavorable impact on the new business premium ,revival or renewal of policies and overall sum assured also get badly affected and shown a decline of 9.2 percent to 12.6 lakh crore between April to July month of year 2020 as per a recent report by CARE Ratings . Due to continuous lockdown from march to may in FY 2020, many insurance companies give two months grace period for the revival of lapsed individual life insurance policies . The are less takers of new insurance policies . Based on the option of some insurance experts, there has been recorded a significant decrease in getting new business from the lower and middle in come group people . The growth in new business is mainly boosted by high income group individuals. The report of global Data company , the life insurance business in India is expected to get declined by 0.9 percent in 2020 as compared to 8.8 % growth recorded in 2019 . The cause for decrease is mainly due to fear of financial uncertainties ,job loss and no growth in income . In times of covid-19 pandemic, there has been seen a great demand for pure insurance and health insurance product but demand for unit linked and other life insurance policy was low . The shortage of liquidity and income uncertainties discourages many customers to either postponed or not to buy new policy during present pandemic. The post lockdown period helps in revival of life insurance business by finding more customer centric innovative solutions to stay profitable and strong. Insurance is among one of the core sectors of the economy and this sector is less affected by the present covid-19 pandemic situation.

All health insurance policies cover hospitalization expenses. COVID - 19 would not fall within the definition of a pre-existing disease. Hence, all insurers would respond to the hospitalization claims normally.

The Government is quarantining people suspected of being infected and treating them once they test positive for COVID - 19 . Personal and family floater health insurance covers less than 10% of the total number of people covered under private and government-sponsored health insurance scheme. In my opinion , there would be a marginal to normal impact on the health insurance portfolio due to COVID - 19 related hospitalization claims . In the health segment , there are two other products, i.e. personal accident insurance and overseas travel insurance. While personal accident policies cover death, disability or hospitalization following an accident, COVID - 19 cannot be interpreted as an accident. Overseas travel policies could see some claims from travelers. This segment forms a very small part of the overall health insurance portfolio. As started earlier , the impact on insurers would be marginal or less than normal. Coverage for losses caused by forced closure of property by authorities typically requires physical damage to property to trigger the business interruption coverage. Shutdown of malls and theatres, cancellation of sporting events and even denial of visa to visit a country for business purpose cannot be cited as reason for loss of income to claim coverage . Many MSMEs/SMEs are either underinsured or uninsured. Loss of income , business interruption coverage or natural peril extensions are not opted for by these firms . Causation and losses must be well documented and mitigation efforts should be made wherever possible . COVID – 19 is a wakeup call for the general public to practice self-hygiene and change social habits, and for the healthcare industry and governments to increase the number of isolation facilities , set up more quarantine facilities in hospitals and make public places more hygienic . The pandemic brought enormous changes across the industries and the insurance industry is no exception. We are experiencing changes Input terms of operations, processes , products , services and claims . Before the onset of the pandemic, insurance providers were moving towards digitization and the lockdowns acted as a catalyst.

In simple words, despite of downfall in pandemic situation an insurance industry is not very much affected and still generating revenue and offer tremendous growth opportunities in both life and health sector (sachan et.al.,2020).The risk of life encourage many customers to invest In term plan and other life insurance policies to protect and individual and family against the future uncertainties .

II. LITERATURE REVIEW

- 1) Sushil Kumar, Dr. Harpreet Singh (2019), The objectives of the present study are to examine the growth in health insurance industry. Under this study four standalone health insurance companies were selected for the period of five years from 2013-2014 to 2017-2018.
- 2) Pranali V. Nawkhare (2020). This research looked into health insurance after COVID-19 and how it affected the industry. The study's findings suggest that it was a comparative investigation of health

insurance providers to evaluate their impacts on client purchasing behavior. The COVID-19 epidemic also presents a chance for insurance companies to innovate and meet the changing needs of a better-informed public.

- 3) Ahmad, M. S., & Saxena, C. (2021). This study looks into the impact of technology on the insurance industry and outlines how we might mitigate the consequences of the corona pandemic by utilizing monetary technologies such as Block Chain, Telematics, Chat bots, and the Internet of Things. The purpose of this study is to discover insurance proprietors' thoughts and feelings about the effects of Covid-19 on their business functions, as well as how to minimize the pandemic's effects through the use of improved monetary technology.
- 4) Yadav, V. K. (2021). According to the report, the Indian Insurance Sector faces numerous hurdles in going online because the majority of individuals do not own a smartphone, and network connectivity is generally not reliable. In the long run, the influence of the COVID-19 pandemic on the Indian insurance business will be positive, particularly in the health insurance industry. VIII. RESEAR

III. OBJECTIVE

- I. To study the after effect of covid-19 pandemic on the business off life insurance sector.
- II. To understand the changing trends and Challenges in Insurance sector during covid-19.

IV. METHODOLOGY

The present study is new and thus researcher is planning to use exploratory research design in order to study the after effect of Covid-19 on life insurance sector in India. The study will be based on a qualitative research approach Hoepfl (1997) used to gain new perspective son issues where little literature is known. Secondary data will be taken from various IRDA reports, websites, online reviews and news paper articles and blogs. Content analysis will be made to conduct this study as researcher movement were restricted due to Covid-19 pandemic situation.

V. NEED OF THE STUDY

Insurance sector plays a very Significant role in growth of Indian economy . The breaking of monopoly and deregulation of the sector in year 1999, has resulted a double-digit growth in both life and Non-life sector . This sector provides manifold benefits such as covered life risks, health risks, opportunity of saving and Investment etc. India is a huge country with second largest population but still the insurance penetration is low as compared to other countries like China,Japan,Germany etc. The present covid-19 pandemic situation and lock down has significantly hit the insurance business Input India. Due to rising number of corona positive cases, the business of life insurance in India is decreasing. The insurance industry not only gives protection against life and non-life risk but also provides huge employment and together with banking sector contributes nearly 7% GDP of an economy.

VI. DATA ANALYSIS & INTERPRETATION

The paper is purely secondary based. The period of study is confined to two years i.e.,2019 &2020. Researcher has collected data of six months from March to August 2019 & 2020. Based on the data,a comparison has been made to analyze the growth of life insurance business Input both pre covid-19 and post-covid-19 period . number of policies , no. of lives covered under group schemes and sum assured has been selected under the study . Researcher tries to compare the growth of life insurance business in percentage of the current year 2020 as against of previous year 2019.

1. First year premium
2. No. of policies/schemes
3. No. of lives covered under Group schemes
4. Sum Assured

It is inferred from the above table no . 1 and figure no .1 that the overall performance of life insurance companies has been significantly declined Input term of first year premium ,no of policies ,no of lives covered under group schemes and sum assured . The above figure and data are showing negative growth in all months from April to August 2020, only in month of march the growth rate as positive as against the previous year months. The first year premium starts declining from the month of April onwards and continued till August. During the lockdown period , the first year premium income hits adversely and drop

down to 32.60% and -27.92% respectively. Number of policies issued come down to -67.56% and -51.02%. Number of lives covered under group schemes reduce to -49.82% and -57.84% total sum assured dropped to -16.41% and -20.23% respectively. The current Covid pandemic and lockdown of economy slows down the growth of life insurance business and still continuing the downfall Input business of new policies, collection of premium income and total sum assured.

VII. FINDINGS

Pandemic has raised many challenges for the Indian insurance sector. The insurance companies were facing operational and procedural difficulties, which has led to decrease in revenue and depleting reserves.

- **Business Stability:** As the insurance sector is a highly complex business involving multiple processes, one must plan the risks on insurers' existence.
- **Managing employee Welfare:** As the insurance sector moves towards digitization, it will be employee-centric and a mass shift to remote working. Employers need to work remotely to support the customers and the enterprises operations as the premises will not be available. There was an urgent need to balance working from home procedures by minimizing in-person meetings and dealing with the clients virtually.
- **Crisis management and resolution:** There is a need for the insurers to monitor the crisis and initiate the necessary measures to communicate and manage the employees and customers effectively. The most maintain frequent communications with regulators, customers, partners, agents, and brokers, shareholders to build confidence and ensure continuity of services and rethink processes.
- **Capital adequacy:** Insurers have started experiencing liquidity and solvency challenges. Insurers are required to closely monitor their liquidity and ensure financial resilience by maintaining prescribed regulatory solvency. They should manage the investor community, intra-group stakeholders, and rating agencies on overall performance and stability.
- **Claims Processing:** The claims volume has reduced drastically due to the lower level of economic activity. There were only a few accident claims with the customers staying at home.
- **Cyber Security:** It has demanded the challenge of building an appropriate IT infrastructure within a short time the increase Input remote access requirements. There was an increased level of criminal activity, which has impacted the companies and their customers. It has increased the risk of cyber incidents and scams to which the insurance companies were inevitably vulnerable and easy targets. The insurers have to increase their cyber fraud prevention and monitoring activities.
- **Response to the Crisis:** As the insurance can protect against many of the financial impacts, the outbreak of COVID-19 has created uncertainty and offered a unique opportunity for the insurers to rethink innovation, improved customer experiences, and an up skilled and re skilling workforce. The number of customers contacting their insurers during the Pandemic increased. COVID-19 has been the catalyst for innovation Input the Insurance sector.
- **Customer Outreach:** There was a significant increase in the communication with the customer by the Insurers. They need to communicate to their customers concerning COVID-19 coverage and related policies. They should bring more value to their customers by launching and announcing packages for COVID-19 patients. Insurers need to monitor and review the business that requires customer support and attention.
- **Claims-Management Processes:** The payment of claims has become a challenge for the Insurers. They need to carefully evaluate and simplify claims processing virtually by upgrading interactive voice-response systems. Artificial Intelligence and Robotics can replace field visits.
- **Digitization:** Insurers have undergone a digital transformation by which they could benefit from digital and automation tools at the product level. They will reprioritize technology into Insurrect, digital distribution, and technological infrastructure. Digital underwriting can be used to maximize customer reach. They should establish Risk Management teams to assess and respond To The crisis. They can also implement auto-renewal for most cases using analytics.

VIII. SUGGESTIONS:

Your basic health insurance policy also covers post-hospitalization expenses, but in the case of Coronavirus, the government of India is bearing the cost of check-ups and pre-hospitalization formalities, as

the test of COVID- 19 is free in government hospitals. But the hospitalization cost has to be borne by the patients and their family members.

Whereas in a normal health plan the insured pays for pre, post and in-hospitalization expenses including room rent, surgical procedures, doctor fees, ambulance costs, provided the hospitalization is for more than 24 hours. Amid the coronavirus, outbreak health insurance providers notice a marked jump in medical coverage related inquiries, with 30 to 40% more customers seeking coverage against the COVID-19 virus that has affected more than 96000 people in India and 4.71 million worldwide.

People with pre-existing medical conditions, low immunity cancer patients, diabetic patients, asthma patients are more at the risk of facing fatal consequences. While the nature of this virus still remains unpredictable as this is a new one and resistant to existing medications. Considering the severity of the conditions, the Insurance Regulatory Development Authority of India (IRDAI) has issued guidelines for insurance providers and has asked to include COVID-19 cases under the insurance plans. You can check out health plans from top insurers and easily compare different plans for coronavirus health insurance on Policybazaar.

The insurer will pay 50% of the amount in lump sum on diagnoses and the remaining when quarantined in either a military or government hospital.

A lot of insurance providers are making customized plans to ensure coverage of the affected. Some insurance providers have introduced plans that offer coverage irrespective of the travel or medical history, and infants aged 1 day to a senior citizen up to 75 years of age are covered upon diagnosis from an approved lab.

Some insurers are offering standalone health plans covering Coronavirus. Some insurance providers are also facilitating telemedical check-up facilities for the policyholders with intermediaries like Policybazaar health insurance comparison portal.

Moreover, in the recent announcement by the Finance Minister, the government insurance firms will roll out Rs.50 lakh under the tailor-made comprehensive personal accident cover for public health care providers in case of accidental death on contracting Covid-19. Coverage will be offered to 22.12 lakh private healthcare staff, public and community healthcare providers who are directly involved in the care of Covid-19 patients. It is valid for 90 days starting from March 30, 2020. And the premium usually ranges between Rs. 200 to Rs. 2500 only.

A lot of people who have a life insurance cover have been wondering if the death of the insured will be covered under the existing life insurance plan. So, will your insurer compensate your family if you succumb to the coronavirus?

In an existing life insurance policy if an individual pass away due to COVID-19 then his/her nominees will be provided the policy sum insured as the death benefit. Here it is important for the nominee or the beneficiary to know that life insurance policies usually cover death related to medical conditions. It means that if the deceased person has a life insurance policy then his/her dependents will be given the policy amount on filing a claim with the insurer.

The death benefit is basically the sum assured amount that the insurance company is liable to pay to the insured's family in the case of his untimely demise during the policy term. While purchasing the policy the insurer asks the policyholder to mention the name of the nominee to whom the insurer will pay after his/her demise. The amount is mentioned in the policy documents.

However, as per the recent IRDAI regulations, life insurance companies in India are also offering indemnity- based health insurance plans. They are basically medical insurance policies that recompense the insured for the actual hospitalization expenses that are incurred during the treatment i.e. up to the total sum assured.

And if you are thinking of getting a life insurance policy during this time, then you need to remember that the insurer will charge the premium based on your medical conditions and medical history. And there is no denying that pandemic like COVID-19, is likely to have some impact on your life insurance policy issuance and the premium amount.

Clearly, the spread of coronavirus has impacted our lives in many ways. But with insurance one does not need to worry about the hospitalization cost, as it is easier to avail treatment in one of the best hospitals. However, with hygiene and social distancing one can minimize the spread. But in case someone gets diagnosed with this new virus then both health and life insurance policies have you covered. The impact of coronavirus is visible in almost all the sectors, and insurance companies are also improvising and launching custom-made plans to cater to the needs of the customers, which is the need of the hour!

IX. CONCLUSION

The study was conducted with the aim of describing the insurance industry performance before Covid after covid-19 pandemic Input India. The changing trends and challenges faced by life insurance providers are also been analyzed under the study. To attain the stated objectives, researcher has used exploratory research design. Insurance industry plays a very crucial role Input economy as its saves life, encourage investment, household's saving and also provides mass employment to youth of the nation . Together with banking sector contributes more than seven percent GDP of an economy .like other sectors of economy, insurance sector is also adversely affected with the present situation of covid-19 pandemic mainly In terms of decline Input new policy business , delayed premium payments ,increase policy lapsation and financial crises of claim settlement due to rise in number of deaths Input Covid pandemic. To deal with these issues , insurance need to come up with more customer creative innovative solutions which gives multiple benefits to the policyholder . During covid-19 period ,many changing trends has been observed that people get more aware with importance of life insurance plain , significant growth Input the demand of health and pure life insurance , increased business of line insurance (Aparjita Sharma) and more oriented towards customer centric unique Solution .

The insurance companies face liquidity problem in the short run and solvency problem in the long run if the pandemic stays for a long time . No doubt there are many hurdles for insurance companies in present tough times . But with the effective policy measures , the challenges can be turned into opportunity by looking for alternative options like giving more digital services To The customers in terms of giving online policy information policy buying , premium payment and also fast claim settlement . All customer services are available at door and insurance employees are allowed to work for home which helps to reduce companies , operation cost and other expenses .

In current uncertain situation where life related risks are very high. People tend to invest Input long term insurance in order to secure their family and loved ones. Both Purchase insurance and health insurance come out as a great opportunity for insurance providers.

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