



A STUDY ON IMPACTS OF COVID-19 ON INSURANCE COMPANY

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Abstract :

The global insurance industry has been greatly impacted by the COVID-19 pandemic. Insurance companies faced difficulties managing claims, adjusting policies, and maintaining financial stability as the virus spread. In this article, we look at the various effects of COVID-19 on insurance companies, such as changes in insurance demand, disruptions in supply chains, and risk profile shifts. We also discuss how insurance companies have responded to the pandemic, such as by introducing new policies or offering relief to policyholders. Overall, the COVID-19 virus outbreak has demonstrated the value of insurance in times of crisis, and insurance companies must continue to innovate and adapt in order to meet their customers' changing needs in these uncertain times.

Keywords:

Insurance company, COVID-19, Pandemic, Global issue

Introduction:

The COVID-19 pandemic has had a profound impact on the global economy and has affected virtually every industry. The insurance industry, in particular, has faced significant challenges as a result of the pandemic. From disruptions to supply chains and shifts in risk profiles to changes in demand for insurance, the COVID-19 pandemic has forced insurance companies to navigate a rapidly changing landscape. The pandemic has led to increased demand for certain types of insurance policies, such as life and health insurance, while reducing demand for others, such as travel insurance. Insurance companies have also been faced with managing an influx of claims related to COVID-19, including claims for business interruption, event cancellations, and travel disruptions. In addition to changes in demand and claims management, insurance companies have also had to adapt to the broader economic and societal impacts of the pandemic. For example, social distancing measures have led to the closure of many businesses, creating significant economic hardship for individuals and organizations alike. This has led to a wave of bankruptcies, with insurance companies facing an increased risk

of insolvency as a result. To respond to these challenges, insurance companies have had to innovate and adapt rapidly. Some have introduced new policies tailored to the unique risks posed by the pandemic, while others have provided relief measures to their policyholders, such as premium rebates and deferred payments. Additionally, many companies have had to adopt new technologies and digital platforms to continue to serve their customers remotely. As the pandemic continues to evolve, the long-term implications for the insurance industry remain unclear. It is clear, however, that insurance companies must continue to innovate and evolve to meet the changing needs of their customers and navigate the ongoing challenges posed by the pandemic.

Review of Literature:

The pandemic has taken the Indian insurance sector by surprise. To deal with the Pandemic's disturbance, insurers must act immediately. A robust insurance sector has helped India's economy in recent years. The government and the IRDAI should step up efforts to revitalize the insurance industry. Insurance companies should interact with regulatory bodies on a regular basis. To indicate the effect of the Pandemic on the business, the policy, including business lines and goods, must be re-evaluated. Insurers must meet their customers' standards for the goods and services they require. Channel tactics will need to be updated. New operational models that were previously believed unattainable will be prioritized in planning. Increased investments in automation, including artificial intelligence as well as RPA, are needed. Companies must reconsider their risk tolerance and determine whether the pandemic has affected them to added risk. Insurance executives must consider how their company fared during such troubling times and decide if they should disinvest or invest in new products (Agarwal, 2020).

The start of the pandemic also caused a great deal of layoffs and lower wages for many people. As a consequence of the loss of sponsor-issued insurance plans, many people are unable to finance the covid-19 medication. As a result, in order to safeguard the unemployed citizens and meet the growing demand for insurance, the government revised the ACA laws to make accessible and inexpensive health insurance accessible to the unemployed. The updated policies guaranteed that insurance was offered to safeguard people's health and that it should not be based on career path or demographic trends. Many businesses began to purchase insurance plans to safeguard themselves from the pandemic's losses incurred. Some businesses have resorted to other methods, such as self-insurance, buffer stock savings, private insurance, and so on, were used. By simply creating the primary infrastructure of a knowledge-based economy, making insurance available to every individual to protect the health of the population helped to improve economic flexibility and economic steadiness. Some suggestions for allowing people to withdraw a portion of their pension savings the authorities should give greater consideration to insurance functions in minimizing the adverse impacts of COVID-19, and order insurance companies to develop specific insurance plans, especially for health and life insurance. The insurance market's negative effect from the pandemic can be mitigated by increasing the level of social safety and digital insurance (Nobanee, 2022).

The COVID-19 pandemic has had a significant impact on daily life in India, including its healthcare system and insurance industry. Investing in technology may be a worthwhile solution to fix India's healthcare system and help contain the pandemic in later stages. This research report provides helpful information on the pandemic's

introduction and impact in India and highlights the need for government, regulators, and private healthcare enterprises to address issues and seize opportunities in the health insurance market. Adjustments and steps outlined above must be taken by legislators, regulators, and the insurance industry to respond to crises like COVID-19 effectively. (Kamalpreet Kaur, 2022).

The results presented in this article suggest that the authority should spend more focus on the importance of insurance in dealing with the negative effect of COVID-19 and other regulations. Advise insurance companies to create customized insurance products, particularly life and health insurance. Furthermore, the regulator should take into account the diversity of medical circumstances in various areas and apply preferable insurance plans that would successfully assist people in withstanding the shock of COVID-19 (Qian, 2021)

The Covid-19 pandemic is an unusual event for the insurance sector, with limitless potential for expansion in both space and time, making it a total mess. Its harmful impacts will doubtlessly be recognizable in both insurers' assets and liabilities. Moreover, the detectable effect of the global epidemic on the insurance sector is hard to quantify. It can be seen in a variety of ways, both within and outside of insurance companies. Negative indicators are already visible on the insurance sector; everyone else will emerge gradually over the next few months. Many endogenous (inner choices of insurance companies) and external (decisions of customers, market participants, and other stakeholders) variables will impact the situation's further growth. The pandemic's long-term beneficial effect will There will be a rise in public risk attitude as well as a greater understanding of the role of insurance in minimizing the adverse effects of freak accidents. (Strupczewski, 2020).

The Indian Insurance Sector has been adversely affected by the pandemic, and insurers must take decisive action to overcome the disruption. The government and IRDAI should work together to rebuild the insurance sector by providing regular updates to regulatory authorities. Insurers need to re-evaluate their strategies, including their business lines and products, to reflect the pandemic's impact and adapt to customers' expectations. Channel strategies will need to be updated, and investments in automation, including AI and RPA, should be increased. M&A opportunities may be a way to further growth in existing lines of business or new segments. The World Bank can assist insurers by providing crisis response training and financial assistance to those unable to recover from the loss. (Dr. V. PARVATHI, 2021)

The Covid-19 pandemic has impacted the insurance industry, causing disruptions but also increasing demand for insurance products. Although there are no specific Covid insurance plans, life insurance plans generally cover Covid-related deaths, which has led to increased interest in life insurance. This positive sentiment towards insurance is expected to drive the industry's efforts to increase insurance penetration in Ramanathapuram district (S. Iniyar Beski, 2022).

Looking past the medium-term effect of the Coronavirus emergency, the protection area is probably going to see reasonable outlook changes. The pandemic has raised risk mindfulness, setting off development for new kinds of protection. Digitization through all phases of the protection esteem chain has become essential because of social separating rules. The gamble of undiversified inventory chains has been featured, prompting the pinnacle of globalization. Back up plans ought to find extra ways to help their clients and the economy, like

charge/insurance policy adaptability, adaptability of cycles and cut off times, protection policy generosity activities, and supporting the economy through long haul speculation models.(Ana Preda, 2021).

The Coronavirus pandemic variedly affects the protection business, contingent upon elements like liquidity, portfolio in danger, dependence on reinsurance, level of free resources, and assurance set up. In any case, the pandemic has prompted an expanded interest for wellbeing related protection, as individuals are focusing harder on their wellbeing. In India, the protection area has been decidedly impacted by Coronavirus, with insurance agency acquiring benefits and drawing in additional clients. This study expects to dissect what is going on looked by the protection area in India and what it means for the nation's Gross domestic product. It additionally analyzes the monetary preparation of individual financial backers and the job of protection in their monetary preparation. The investigation discovered that most of individuals are happy with the protection's assistance in beating monetary gamble during Coronavirus. Generally, the pandemic has featured the significance of protection in monetary preparation, especially in dubious times(CHETANA RAHASLAL NORGE, 2022).

Extra security has gone through critical enhancements and extensions in the nineteenth and twenty-first hundreds of years, and gathered disaster protection is an exceptional kind of protection that is connected with the positive and negative conditions of guaranteed people's lives. This kind of protection depends on standards of instalment, return, development, and productivity and pointed toward safeguarding property interests. In Uzbekistan, extra security and aggregate disaster protection have lower rates than in created and many agricultural nations because of high expansion and debasement in the economy, moderately low livelihoods, insurance agency's freshness, and low-pay public trust in protection administrations. Notwithstanding, the nation has gained ground as of late in disaster protection because of tax breaks gave by the public authority to long haul life coverage(Dinora Baratova, 2021)

Insurance companies with well-diversified portfolios and strong, state shareholders will be more flexible and sustainable during emergencies, while those without these factors are at higher risk of serious issues. Large insurance companies have accumulated significant capital buffers to absorb potential losses, and some may be able to smooth out crisis phenomena through state-supported segments. Agricultural insurance may show growth in premiums due to increased funding at the state and regional level, and policyholders should review their insurance programs with brokers and coverage advisors(Zakirkhodzhaeva, 2021).

The article examines a stochastic mortality model with an impermanent mortality hop interaction to catch the effect of Coronavirus on death rates among various age gatherings. The obligation of the existence back up plan is characterized to break down the contrast between pre-Coronavirus and during Coronavirus periods, and financing cost risk is additionally thought of. The outcomes show that Coronavirus adversely affects life guarantors' monetary manageability, as the risk of the existence safety net provider is higher because of the lower endurance likelihood brought about by the pandemic. Notwithstanding obligation, Coronavirus has likewise extraordinarily diminished venture pay.(Xun Zhang, 2021)

This study examines the impact of COVID-19 on the operational and financial performance of the Ghanaian insurance industry using data from the National Insurance Commission from 2018 to 2021. The study finds that the pandemic has had a negative impact on the performance growth of the industry, with a decline in the number

of policyholders and the value of underwritten policies. Both life and non-life gross premiums experienced a dip in performance growth, and the value of total assets for both segments declined. Claims benefits paid also declined, while managerial efficiency decreased (James Ntiamoah Dokua, 2022)

This article discusses the impact of COVID-19 on the property-liability insurance (PLI) sector in India. Due to the pandemic and subsequent lockdowns, the PLI sector has been negatively impacted, along with other economic sectors. The study analyzes the policies and steps taken by the Indian government and regulatory authorities to mitigate the impact on the PLI sector. The article also provides a future outlook for the sector and offers recommendations for policymakers and insurers to plan for the future (Mukherjee, 2020).

This article discusses the impact of the Covid-19 crisis on insurance companies and their shareholders. While insurers have suffered losses during the pandemic, their shareholders remain optimistic about a quick recovery. Insurers have prepared for pandemics by excluding certain provisions from policies and ceasing to sell certain types of insurance, such as travel insurance or long-term care for the elderly. Insurers also raise premiums for new policies when risk increases to the extent permitted by regulators. Financial market fluctuations have had a negative impact on insurance companies, but the public has been protected. The involvement of shareholders in financial markets does not suggest any specific attitude towards the insurance industry or additional risk losses. (Yaffa Machnes, 2022).

Research Objectives:

The impacts of COVID-19 on insurance companies have been significant and far-reaching. Some of the objectives of discussing these impacts in an article could include:

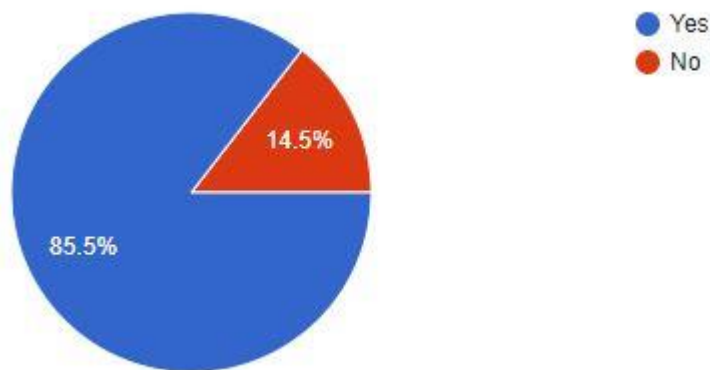
1. Assessing the financial impact: The pandemic has had a significant impact on the financial performance of insurance companies. As such, one objective could be to examine the financial impact of the pandemic on the industry, including changes in premiums, claims, and investment income.
2. Analyzing changes in demand: The pandemic has changed the way people live, work, and consume goods and services. As a result, insurance companies may have seen changes in demand for their products. An objective of the article could be to analyze these changes and their implications for the industry.
3. Examining the regulatory response: Governments around the world have taken various measures to mitigate the impact of the pandemic on the insurance industry. An objective of the article could be to examine these measures and their effectiveness in protecting insurers and policyholders.
4. Investigating changes in risk profiles: The pandemic has created new risks and uncertainties for insurers. An objective of the article could be to investigate how insurers have adapted to these new risks and whether they have developed new products or services to address them.
5. Assessing the long-term impact: While the pandemic has had immediate and short-term effects on the insurance industry, it is also likely to have long-term consequences. An objective of the article could be to assess these long-term impacts and how they may shape the future of the industry.

Research Methodology:

Research was finished by gathering essential information and auxiliary information. Essential information was gathered through set questions . The auxiliary information was gathered by different number of articles and diaries composed by assortment of writers

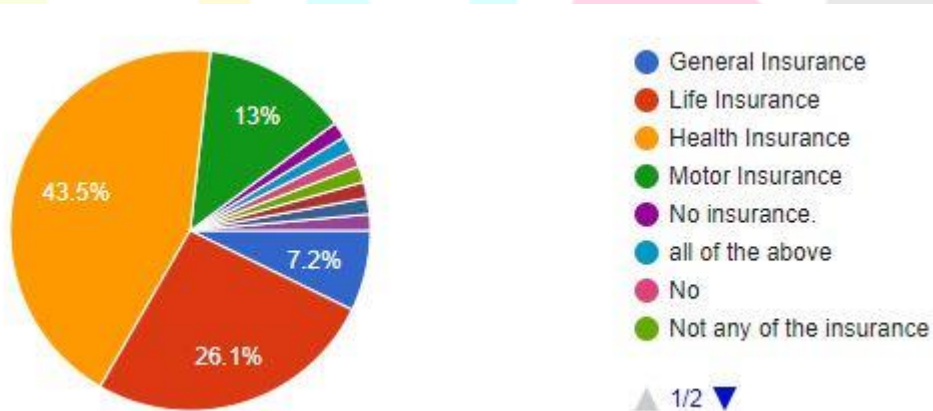
Analysis of Data:

1.Do you or any of your family members have Insurance?



Based on the survey results, it appears that the majority of the population being surveyed have insurance coverage, with 85.5% of respondents indicating that they are insured. This suggests that a large portion of the population is taking steps to protect themselves financially in the event of an unexpected illness or injury. On the other hand, 14.5% of respondents reported not having insurance, which may be cause for concern. Without insurance coverage, these individuals may be at a higher risk of experiencing financial hardship in the face of a healthcare emergency.

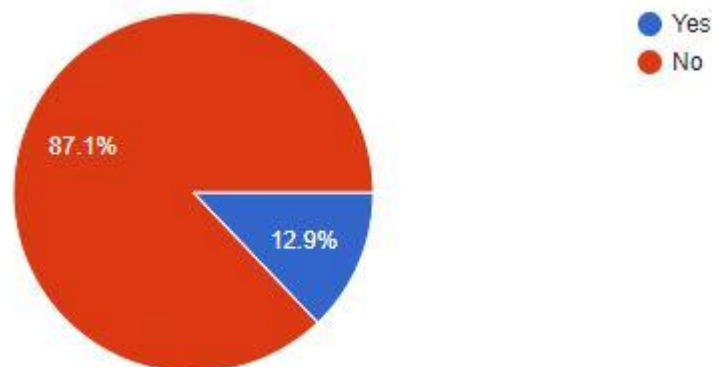
2. What kind of insurance do they have?



According to the survey data out only 43.5% of the people has health insurance, indicating a significant gap in the healthcare coverage of the population. Similarly, only 26.1% have life insurance, which could be a concern for their families' financial security in the event of their death. The percentage of people with motor insurance is relatively low at 13%, considering the number of vehicles on the road. It is positive to note that 7.2% of the population has all kinds of insurance, indicating a more comprehensive approach to risk management. However,

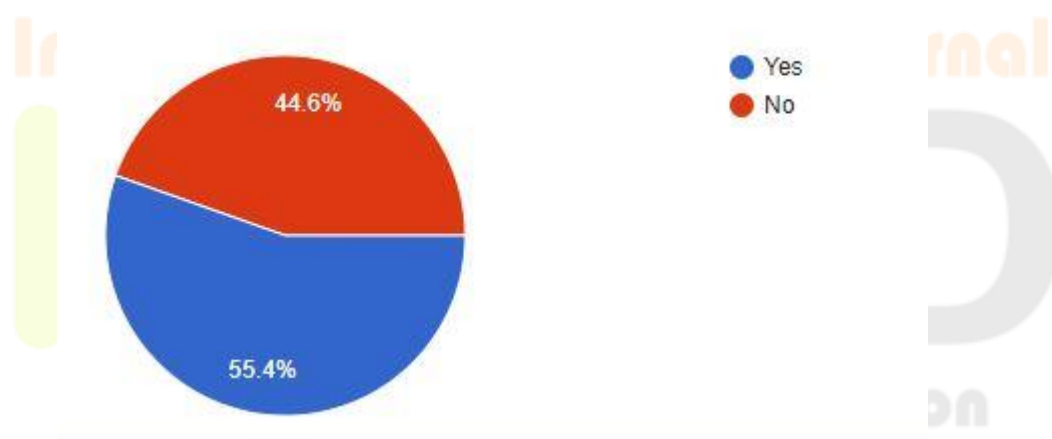
a significant proportion of the population still lacks any form of insurance coverage or has a mixed combination of insurances, highlighting the need for increased awareness and accessibility of insurance products.

3. Have you made any insurance claims during COVID-19?

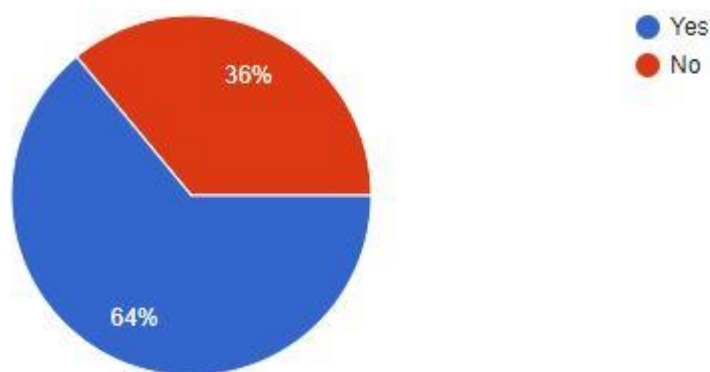


From the above data we can conclude that **87.1%** of people have not claimed the insurance during the pandemic. This indicates that the people were not in the need to claim the insurance amount against the pandemic. This may occur when they have enough money to spend on the expenses. There may also be negative impacts for not claiming insurance amount like delay in process, complex documentation process etc. On the other hand 12.9% of people have claimed the insurance amount. This may be due to financial problem or due to lack of income to spend on the medical expenses.

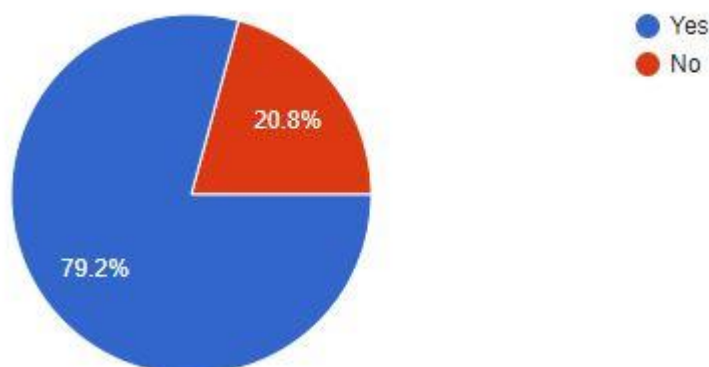
4. Do you believe that insurance companies have done enough to support customers during the pandemic?



The survey data reveals that 55.4% of people say that the insurance company has supported enough during the pandemic period whereas on the other side 44.6% of people say that insurance company has not supported enough to the people during pandemic. This may be due to denial of claims, lack of coverage, communication issues, inadequate financial assistance. In conclusion we can say that insurance company has supported enough to the people by providing flexibility, by providing resources and guidance, waiving fees etc.

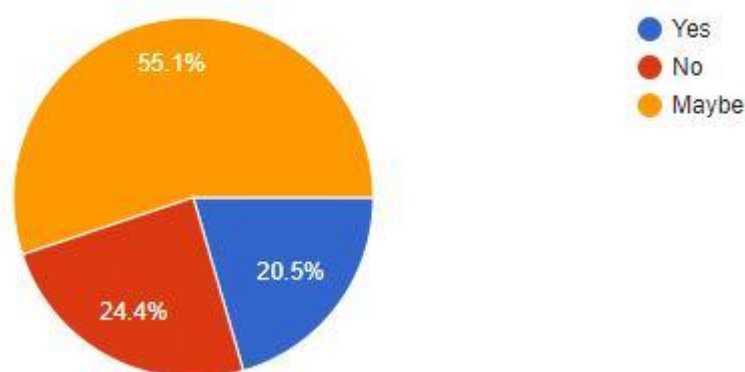
5. Do you think that the pandemic will have a long-term impact on the insurance industry as a whole?

According to this survey data 36% of people in the surveyed data say that there is no longer impact on the insurance company. On the other hand 64% of the people say that there will be a longer impact on insurance company. This may due to High number of clients, uncertainty and volatility, changes in customer behaviour, regulatory changes of government. Overall, insurers must innovate and adapt to evolving circumstances in order to meet the evolving requirements of their clients. On the other hand 36% of people in the surveyed data say that there is no longer impact on the insurance company.

6. Has the COVID-19 pandemic resulted in an increase in insurance claims?

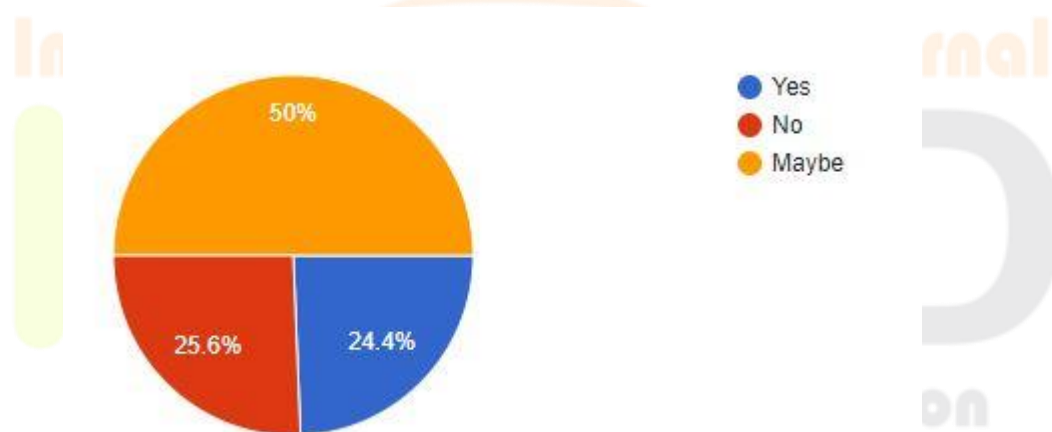
Out of the total number of people who participated in the survey, 79.2% of them reported that they or someone they know have made an insurance claim related to COVID-19. This could include claims for medical expenses, job loss, or other issues related to the pandemic. On the other hand, 20.8% of the survey respondents said that they or someone they know have not made any insurance claims related to COVID-19.

7. Have insurance companies provided any financial relief to their customers during the COVID-19 pandemic?



Out of the total number of people who participated in the survey, 55.1% of them believe that insurance companies may have provided financial relief to their customers during the COVID-19 pandemic. This suggests that a majority of the respondents are uncertain about whether or not insurance companies have offered relief measures. Meanwhile, 24.4% of the respondents reported that insurance companies have not provided financial relief during the pandemic. This indicates that there is a significant portion of the population that perceives insurance companies as not being supportive during the crisis. Finally, 20.5% of the respondents said that insurance companies have provided financial relief to their customers during the pandemic. This suggests that a smaller percentage of the population is aware of relief measures that have been offered by insurance companies.

8. Have insurance companies experienced financial losses due to the COVID-19 pandemic?



50% of the respondents believe that insurance companies might have experienced financial losses due to the pandemic. This suggests that a significant proportion of the population is unsure about the financial status of insurance companies during the crisis. 25.6% of the respondents reported that they do not believe insurance companies have experienced financial losses during the pandemic. This group may include people who have not seen any evidence of financial difficulties or who perceive insurance companies as being financially resilient. 24.4% of the respondents believe that insurance companies have experienced financial losses during

the pandemic. This indicates that a smaller proportion of the population is aware of or concerned about the financial impact of the crisis on insurance companies.

Limitations:

- The pandemic has led to changes in regulations and requirements for insurance companies, which can be challenging to navigate and comply with.
- The pandemic has led to significant financial losses for insurance companies due to increased claims, market volatility, and other economic factors. This has put pressure on insurers' ability to meet their financial obligations
- The pandemic has resulted in changes in consumer behaviour, particularly in the areas of travel and leisure. This has led to changes in the demand for insurance products, which can affect insurers' revenue and profitability.
- the pandemic has created new and unforeseen risks for insurance companies, particularly in the areas of business interruption and event cancellation insurance. This has made it more challenging for insurers to accurately assess and price risk.

Conclusion:

The COVID-19 pandemic has significantly impacted the insurance industry in various ways, both positively and negatively. In this brief, I will provide a summary of the impacts of the pandemic on the insurance industry. One of the most significant impacts of the pandemic on the insurance industry is the increase in claims. With the spread of the virus, many people have suffered from health complications, resulting in a surge in medical insurance claims. Additionally, the pandemic has led to increased unemployment rates, causing more people to file for unemployment insurance claims. On the other hand, some insurance companies have benefited from the pandemic. For instance, travel insurance companies have experienced a rise in demand as more people cancel their travel plans due to travel restrictions and safety concerns. Additionally, the pandemic has forced many businesses to switch to remote work, leading to increased demand for cyber insurance. The pandemic has also impacted the investment portfolios of insurance companies, with many suffering losses due to the stock market's volatility. However, some companies have been able to cushion the impact through diversification. In response to the pandemic, insurance companies have had to adapt to new ways of doing business. For instance, many have embraced digital technology to facilitate remote work, customer service, and claims processing. Additionally, insurance companies have had to rethink their risk models and develop new products to meet the changing needs of customers. The COVID-19 pandemic has had both positive and negative impacts on the insurance industry. While some insurance companies have suffered losses, others have benefited from increased demand. The pandemic has also forced companies to adapt to new ways of doing business, which may have long-term implications for the industry.

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