



ORIGINAL RESEARCH PAPER

Commerce

IMPACT OF COVID-19 PANDEMIC IN INDIAN INSURANCE INDUSTRY

KEY WORDS: Covid-19 pandemic, Economic imbalance, Insurance Industry.

Supriya.GK*

Research Scholar, Department of Commerce, Karnataka State Open University, Mysore. *Corresponding Author

Dr.Sukanya.R

Assistant Professor, Department of Commerce, Karnataka State Open University, Mysore.

ABSTRACT

The covid-19 pandemic in India is a part of the worldwide pandemic of Corona Virus disease 2019(Covid-19) caused by Severe acute respiratory syndrome Corona virus. The covid-19 pandemic became a strict risk to the world economy as well as the Indian economy by attacking people's life randomly. Alternatively, the government decision to lockdown resulted in economic imbalance and losses of assets etc. Covid—19 has a great impact on the Insurance industry as it aimed to cover the risk of life and properties of people to great extent.

The present research study is conducted to evaluate the impact of the covid-19 pandemic on the insurance industry and changes made in the insurance sector etc. For all these research work widespread reviews have been made to collect sufficient data for analyzing the issues related to the insurance sector. On the basis of reviews recognized for the study, findings and conclusion have been given to throw lights on issues related to the insurance industry from an Indian perspective.

INTRODUCTION

India is a developing country and insurance industry play a major role in Indian economy to raise its place in world economy. Life insurance seeks to protect people's life so it has direct connection with their earnings and savings.

Covid virus directly affected many countries and India is one among them. Government announced lockdown in order to control the situation but it led to unemployment, financial instability, loss of assets, illness, deaths, economic imbalance, loss of opportunities, depression etc.

Covid -19 is one of the major pressures to the total world as it created entire crash on the worldwide economy. Covid – 19 pandemic made Indian insurer to face lot many challenges but also come towards lot many new opportunities in the medium to long term.

Based on this now the question is what responsibilities does a business take to manage such kind of risk of employee workforce including stakeholders. This has created a debate as well that whether the current situation will be executed if the workforce is imposed with any plans and processes for the betterment.

Further any risk cannot be completely removed because of there are uncertainties which comes in any way and form , it requires to put for complete analysis and finally find out with some suggestions after considering all pros and cons.

Statement of Problem:

Covid-19 pandemic made every organization to phase new kind of risk as well as opportunities. They should able to identify risk pertaining to them as well as opportunities in front of them and should able to manage and utilize it. Each organization should take necessary measures to reduce risk and should make few changes in their organization to overcome it. Insurance industry is also facing the same and it had identified its risk and opportunities, also introduced lot many schemes which are customized to their customers. Covid-19 pandemic influenced insurance sector to find its new way. Insurance sector is moving forward even though it is challenging.

Review of Literature:

Arunkumar (2020) have focused towards the impact of Covid-19 on various countries. He classified the countries under various categories and compared opportunities from covid-19 on them. He also identified losses and measures

taken by those countries to taken the problems from covid-19. He also explained how Covid-19 effected on various business operations and also on insurance sector. Covid-19 put various businesses in trouble but insurance sector hit its business in profit because of this epidemic. This paper is on the basis of primary and secondary data.

Xvaohua Yang Pius Babuna(2020)the researcher has focused the impact of this virus on insurance industry by analyzing the case of Ghana parallely he made comparison of covid-19 impact with various previous pandemics such as SARS-COV,HINI and MERS. He collected primary as well as secondary data to estimate the effect of covid-19. There is a need for collaboration of ministry of health, banking sector, public department, customs excise and preventive services, other relevant ministries and international community to bring the pandemic to a stop.

Dr.Kannamani Ramaswamy(2020) He explained the impact of covid-19 and lockdown on various industry like banking, insurance and financial services across the globe. The paper is analyzed using statistical tools like t-test and Correlation. Primary and secondary data's are used to collect the data's and prove the things.

John W.Goodell(2020)the Researcher explains the impact of Covid-19 on financial market and institutions directly and indirectly. He explains the effects of covid-19 on financial sector and measures taken to improve the situations and also provided various suggestions to overcome the problem.

Susanna Levantesi and Gabriella Piscopo(2020)The researcher focused on the challenges faced by insurance sector because of covid-19 epidemic and how the insurance sector can implement innovation solutions to support post pandemic resilience. He also explained the correlation between economic and financial activities; the influence of growth of claims in life and non life insurance sector. The reference also retraced the instruments issued following the past pandemics' and tries to show how the insurance sector can adopt new innovative solutions to support post pandemic resilience.

Research Gap:

After considering the wide spread literature reviews we can identify that the earlier research studies were on epidemic that has affected to the economy and overall transactions of industries. The present research paper is focusing on the impact of Covid-19 on Indian insurance industry and what are

the changes made in insurance trends to cope up with the situation. This research paper is also focusing on the effect of Covid-19 virus on insurance companies operations and performance.

OBJECTIVES OF STUDY:

- a. To analyze the impact of covid-19 pandemic on insurance industry.
- b. To know major changes made in term insurance due to Covid-19.
- c. To know the effects of covid-19 on insurance sector.
- d. To understand how to cope up with Covid-19 epidemic.

Research Methodology:

The research has been conducted to know the impact of Covid-19 epidemic on insurance industry, their performance and productivity where the organization is capable of managing the risk and increasing demand. For the present research study secondary data's are collected from making wide spread reviews of books, journals, articles, newspapers and online websites. Primary data's are collected with the help of employees and customers of various insurance organization, their opinions were taken directly and indirectly in order to perform frank research work.

Covid-19 impact on Insurance sector

- More people have become aware of insurance.
- Many of them also consider insurance as an obligation to be ready in case of any other unpredicted conditions in the future.
- Looking at these changes, the insurance companies have also brought about some changes in term insurance.
- Insurance companies have created products for a world where virus outbreaks could be the new normal.
- They offer businesses a chance to pull through disruptions like this in the future.

Changing Term Insurance Trends

Following are changing trends:

i) Cover for pandemics:

Through corona virus ravaging through this globe and causing an epidemic, 2020 has been a irregular time for several people. To make sure that policy holders are secured in future, lots of insurers are given security against such diseases caused by viruses.

ii) Customer-Focused Solutions:

Insurance companies used to have a more one-size-fits-all kind of approach, but that is not the case anymore. Now a day's Customers have become more aware of insurance products and they expect personalized schemes for their requirements.. To meet customer expectations, insurers are offering tailor-made policies.

iii) Digital Way in:

As we find growing cases of Corona Virus day by day, there has been a significant increase in online transactions and contracts made online. An increasing amount of people are buying things online, and that goes for insurance as well.

iv) Enhanced Claim Settling:

Along with digitalization and customer-centric solutions, insurance companies in 2020 will see an enhanced claim settlement mechanism as well. Now, claims can be raised faster, and policyholders can simply upload the documents required.

v) Increased Options & Benefits:

when the number of prospective policyholders increases the rivalry among insurers will also develop. Hence different varieties of policies are introduced along with riders and special benefits. Insurance companies will overcome this kind of the competition by providing added benefits to new customers.

Customers are more tending to purchase term insurance plans but they are showing dislike to spend more money on insurance plans as their financial condition is not good in this condition. Moreover, higher covers bring medical tests, which people are unwilling to do.

Therefore, a temporary drop in sales activity is forecasted.

• Long-Term Savings Insurance:

Long-term savings insurance will face the difficulties of marketing as the interest rates sink and people may also prefer liquidity, so long-term annuity products might be under some pressure. In short we can say that total demand for long term insurances where declined.

• Investment-linked Insurance:

Consumer confidence in the stock market will be at an all-time low. New policies will be started only by a few knowledgeable customers who believe in buying at the bottom. Overall, selling investment-linked insurance will prove to be a difficult task in the current market.

How to Cope with the Change

In this pandemic situation it is very difficult to cope up with the changes. We should take all necessity steps to keep our self away from infections. In the insurance industry as well, we have noticed plenty of changes in term insurance and other financial instruments. The term insurance trends are looking positive, but we would advise others to wait patiently as corona virus runs its course and vaccines are developed. Only then true normalcy can be achieved.

Limitations of the Study:

- 1. This research is on the basis of data collected through secondary sources.
- 2. This research study is limited to Indian insurance industry only.
- 3. The study is limited to Indian perceptive only.
- 4. The research analysis is not in specific to particular industry but it has taken In general about various organizations.

CONCLUSION:

Covid-19 brought a lot of changes in world economy. India is the third country which is highly affected by this virus. Lockdown is one of the measures which the government has taken to reduce Covid-19 cases. All these things brought lot of changes in a short time. It is important to note how insurance industry operates, how they reach their customers, and how they create new offerings to better suit the market needs in Covid-19 time. Insurance is moving most of its business online where it can cater to customers within the safety of their own homes. Insurance companies are bringing about a change in term insurance, and new term insurance trends can be witnessed each day.

REFERENCES

- 1. Pius Babuna, Xiaohua yang (2020) The Impact of COVID-19 on the Insurance Industry, *International Journal of Environmental Research and public Health*, ISSN:175766, 10 August 2020
- 2. Arunkumar (2020) "Impact of Covid -19 and what needs to be done", *Economic and Political Weekly*. Sameeksha Publications, April 4, 2020 vol 1V no 14 EP
- 3. Dr.Kannamani Ramaswamy,(2020)"Impact of analysis in Banking, Insurance and financial services industry due to covid-19 pandemic", *pramana research journal*, ISSNNO: 2249-2976, Volume 10, Issue 8, 2020
- 4. John W.Goodell,(2020)"Covid-19 and Finance:Agendas for future research", *Elsevier public Health emergency collection*.
- 5. Susanna Levantesi and Gabriella Piscopo(2020)"Covid-19 crises and Resilience:Challenges for the insurance sector . *Advances in management and applied economics*." ISSN: 1792-7544 (print version), 1792-7552(online), Vol. 11, No. 3, 2021, 1-12
- 6. World health organization report online June 2020.

Websites:

- <https://www.who.int/news-room/q-a-detail/coronavirus-disease>
- <https://books.google.co.in/books/>
- www.epw.in
- www.irdai.gov.in

Effect of COVID-19 on the Insurance Sector

- **Term insurance**