ABSTRACT:
The Covid-19 pandemic has resulted in a significant loss of human life around the world. India is one of the top worst-hit countries by coronavirus. The covid-19 pandemic has activated an enormous spike in the economy, wealth, and livelihood. This pandemic has made its impact on every business sector including the insurance sector. Due to this uncertainty country’s GDP is facing a decline. The purpose of the research is to study the impact of covid-19 on the insurance sector in India and measures taken by insurers and the Insurance Regulatory and Development Authority of India (IRDAI) towards its policyholders.


I. INTRODUCTION:
The coronavirus disease (covid 19) is a respiratory illness caused by a novel coronavirus and it was firstly detected in the city called Wuhan, China in December 2019. And it has been quickly spread all over the world. As of May 2020 total confirmed cases were found around 5,934,936 (India-182,143) with a death rate of 367,166 (India-5,164) throughout the world, as many as 213 countries and territories have registered covid-19 cases (WHO, May 2020). Aged people and others who were already suffering from heart problems, diabetes, and lungs problem, etc seemed to be more among the covid patients. In the middle of the coronavirus pandemic, many countries across the world make use of lock downs to “flatten the curve” of the disease. These lock downs lead to imprisoning millions of people in their homes, closing down the business, and stopping almost all the economic activities since the global economy is expected to shrink by over 3% and GDP by 2% in 2020 which is stated by the international monetary fund (May 2020, The India Express). And also multiple strategies have been taken to handle this outbreak by governments like computational modeling, statistical tools, quantitative analysis to manage the spread as well as the fast progress of a new treatment.

The impact of covid-19 is that there are so many sectors that are affected by this pandemic all over the world for example insurance industry could be lost USD 760 billion globally which was alone contributing 2.9% in the previous year (2019). The UNWTO has estimated a loss of roughly 1.1 billion international tourist arrivals, as per the estimation by UNCTAD the covid-19 could cause global FDI to shrink by 5%-15%, and in the beginning two months the retail sector has faced a loss of around rupees 90,000 crore, still, there are so many sectors which are badly impacted by the covid-19.

When we look after the impact of covid in India, being the second-highest populated country in the world it’s very difficult to have control over the people as well as the disease. In India, there are so many sectors that got affected by the infection. They are, the insurance sector is declining by 0.9%, the capital market had been fallen by 20%, the Unemployment rate would be between 15 to 20 percent by June (Bowe Garrett and Anuj Gangopadhyaya, May 2020), Tourism sector got adversely impacted up to 25%, aviation sector by 86%, and it was estimated that there was 57% and 45% decline in rail passengers and road passenger traffic and also there was the decline in startups, still there were several sectors which got affected. Because of this pandemic now the Indian GDP is estimated to 1.9% where it was 6.1% in 2018-2019 so this year is going to be the lowest GDP rate after 1991-92(1.1%).
Almost all the sectors of the economy are been threatened in India. Among those, the insurance sector is also one of sectors the overall penetration for the insurance industry was 3.7% in 2018 but after this pandemic came into existence this sector started declining by 0.9%. yet there are a few positive impacts on this industry like, It has accelerated the awareness of health insurance in people’s mind and also this infection leads to introduce new products or schemes in the insurance sectors and also there are so many negative impacts like claim payout and liquidity, and also because of lockdowns it causes less purchase of vehicles which leads to decrease in buying general policies, and by the reason of no commercial activities there are no property insurance, and people are reluctant to have higher cover because of this situation, next is insurers could not take long-term saving insurance as interest rates plummet. There still many pros and cons for this sector which will be further studied in detail in the rest paragraphs of the article.

The present study is about the impact of covid – 19 on insurance sectors in India. The main purpose of this study is to know the circumstances faced by the insurance sector in India and how this leads to affect the country’s GDP. Based on the review of other’s study we could find both positive impacts as well as negative impacts of the pandemic and the measures taken by the government to have a hold on the disease. This study contains few steps that could aid the insurance sector to slowly overcome the risk. The first section of the study contains the review of literature, section 2 deals with the purpose of this particular study, Sections 3 and 4 talk about the impact of covid-19 on the Insurance sector in the world and India respectively. Section 5 states the method been used to make this study, Section 6 says about the results and discussion where section 7 deals with the conclusion of this entire study.

II. REVIEW OF LITERATURE

1) Joydeep Roy(2020) has studied on Covid – 19: impact on the Indian insurance industry with the interest to state about the problems faced by insures and also about the opportunities to the insurance sector by this pandemic and the outcome leads to knowing the actions to be taken by the insurer like employee safety, well-being, IT infrastructure and cyber security. This article has been analyzed with help of secondary data by the reference of the United Nations Conference on Trade and Development.

2) Vaidyanathan Ramani on September 3, 2020, has conducted a study on Covid – 19: Here’s why insurance may never be the same again. The study states about the products introduced particularly for this situation like the corona kavach and corona rakshak and pay as you drive with the expected outcome of making people more aware about all these products and the study is based on the primary methodology.

3) Pius Babuna, Xinhua yang on 10 August 2020 has conducted a study on the impact of covid-19 on the insurance industry, to compare previous pandemics such as SARS-CoV, H1N1, and MERS. And the outcome will help to know the reason for the economic recession. References for this article are GHS, WHO, GSS, NIC, LC, NHIA, etc. this study is done by using the secondary methodology.

4) Kannamani Ramasamy has conducted a study on impact analysis in the banking, Insurance, and financial services industry due to the covid-19 pandemic. The study discusses factors such as lockdown approach, moratorium, impacts in banking, financial, and insurance sector. With the recommendations to mitigate the situation so that there will be less negative impact and this study is done based on secondary sources.

5) R. Latha has conducted a study on Healthcare Hazards and their impact on the health insurance business – An overview during covid-19. The study contains the subject of health insurance and its plans in India, government actions towards covid-19, and how an Insurance industry works for the insured. As an outcome author tried to explain how insurance companies are being benefited by levying high tax rates on the policies by governments. It is being based on secondary sources of Data.

6) Ravi Shekharin May 2020 has conducted a study on Adjusting to the new normal, impact of covid-19 in the insurance industry. The main reason for this study is to gauge the effect on all stakeholders, insurers, corporations, and the risks facing by the insurance industry because of continuous changes in the claiming pattern. And author concluded his study by suggesting few steps that could be taken by the industry like, Redefined claim process, revised benefit budgets, and voluntary covers to employees. This article has finished by using secondary data collections.

7) Muktak Vyas in September 2015 has conducted a study on Recent trends in the insurance industry. The purpose of the study is to the recent trends happening after the regulatory changes in the insurance industry, for
example, the Digital revolution and global aging, etc. And the object of the study is to recommend some measures to upgrade the scenario of the insurance sector. This research is designed by using secondary data collection.

8) G. Meena & Dr. V. Aravamudhanin Dec 2014 had study on the Impacts of recent developments in the Indian insurance sector. This study is mainly focused on what are all the changes occurred and how it become the aid to the growth of the insurance sector and also the growth rate of insurance sector after privatization. The author suggests the people be aware of the new initiatives taken by the government like the Insurance Laws (Amendment), 2008, Pradhan Mantri Jandhan yojana, and Varishtha Pension Bima Yojana. This particular article is done through using secondary data collection.

9) Gosh, Amlan, and Mukherjee, Abhijit on 30 August 2020 have conducted a study on Covid – 19 and property-liability Insurance in India: Impact and prospect. The purpose of this paper is to know the impact of covid – 19 on property-liability insurance sectors. And as an outcome, the author has suggested few measures to mitigate the impact. This is a study which is done by using secondary data.

10) Monika Chaudhary on August 11, 2020, conducted a study on the effect of covid – 19 on the Economy in India: some reflection on policy and program. The study discussed individual sectors which got affected by covid-19 like tourism, aviation, MSME and oil rate, etc. And there are some opportunities in the supply chain and people are losing trust in china’s market which helps make India's project to be more used. This study is based on secondary methodology.

11) Udhaya Kumar, Thirumala Kumar, P Prabhu Christopher, and C. George Priya Doss on 22nd May 2020 had conducted a study on the rise and impact of covid-19 in India. The study is based on which place this infection has been emerged and the total cases all over the world suffering from it, measures taken by the government, and also about the impact on different sectors. And also the author has discussed prospects. It is being based on secondary sources of Data.

12) Grzegorz atrupczewski & Alina Monika Klonowskain Nov 2020 have conducted a study on the Impact of the COVID -19 pandemic on the global insurance market. The study discusses the potential impact of covid -19 on the global insurancemarket. This paper says the long-term covid – 19 effects could be positive in the future. It is being based on secondary sources of Data.

13) K. Karunathilake on 02 Sep 2020 has conducted a study on the Positive and Negative Effects of Covid – 19 on supply chain issues in South Asian countries. This study is focused on both the positive and negative sides of the corona. It is being based on secondary sources of Data.

III. OBJECTIVES OF THE STUDY

To study The Impact of COVID-19 on Insurance sector in the World

To study The Impact of COVID-19 on the Insurance sector in India

IV. IMPACT OF COVID ON INSURANCE SECTOR IN THE WORLD

The insurance industry is a big and critical industry all over the world that has been impacted. The global insurance index has fallen by 22.6 percent, with a 25.9 percent decline in share prices as a result of the outburst.

V. LIFE INSURANCE:

The covid 19 crisis has a serious impact on global life premiums, it caused an average annual decline of 1.5% in 2020 & 2021 where it was 2.2% in 2019. We can expect positive aggregate premium development over the two years. Life premium growth in the emerging markets bounces to 5.6% in 2019 after falling by 2% in 2018. The recovery was driven by china with premiums there rising by 6.7% after the contraction in the previous year due to tighter regulation on sales of universal life products. Covid 19 will negatively impact life sector profitability through lower demand, prices, fees, and investment returns. The worsening in the equity market and a further decline in interest rate will make the earnings, reserves, and capital more pressurized in 2020.

In the US and Canada, annuity premium growth was declined by 1.2 percent. In the US the premium amount remains the same whereas in Canada it is moderate. The low interest rate and market changeability and high unemployment is hitting the profitability and investment returns. Life insurers in Europe have begun to move their new business away from capital-intensive savings products and toward capital-light savings products (Sigma, 4,
2020). Ghana in Africa country faced a crucial time because of covid in the insurance sector. The Ghanaian insurance industry has noticed a loss of GH 112 million. After all the comparisons and estimations the industry predicts a normal economic situation in January 2021 (Pius Babuna, August 2020). In Germany, there will be no re-pricing but a Guarantee for life. Insurers in EMEA started Promoting the Sales of Protection business. High depression leads Europe to Expect 10 percent less in Life Premiums in 2020 (Sigma 4, 2020). In France, premiums expanded by 3.5% last year mainly driven by the commercial lines segment and accident and health insurance. Houseowners and personal motor businesses also contributed to the expansion.

NON-LIFE INSURANCE:
A study by sigma stated that the global non-life premium volume will contract by 0.1 percent in 2020 and growth will bounce back to 3.3 percent in next year. Pre-paid market will be befallen by close to 1 percent and bounce back to more than 2 percent in 2021. The emerging market will stay positive at 3 percent in 2020 and grow by 7 percent in 2021.

Estimated for global Covid 19 related loss in property and casualty insurance from collected information is around USD 55 billion. This loss is more when compared to the losses from the natural disaster enclosed by the insurance industry in 2019 but less than during 2011 the loss was around USD 145 billion. The downturn in 2020 will lead the way to reduce discovery, though the modest rate increases on the commercial side. The premium growth will decline in 2020 before re-speed up in 2021.

VI. IMPACT OF COVID-19 ON INSURANCE SECTOR IN INDIA
In India, there are 53 insurance companies among which 24 are life insurance and 33 are Non-life insurance businesses. The Insurance industry has become an essential part of the economy so it directly affects the Indian economy as a result of the impact of covid – 19 on the insurance sector. IIFL SECURITIES stated in one of its reports that the life and non-life corporate renewals have been strike by 30 percent & 15 percent respectively. The insurance regulatory and development authority (IRDA) of India has guided its life and health insurance policy insurers to settle all the claims related to covid-19 accountable except few standardized exclusions. Here are a few of its

- Unidentified Treatment which has no medical history as of now covid – 19 has no proper proven medical treatment so this claim may get rejected under this ground (Zubin Behramkamdin, Vidya Nair June 2020).

- Exclude the claims of a person who himself or his family members have been traveled to covid impacted areas like china, the US, etc. (Zubin Behramkamdin, Vidya Nair, June 2020).

- Claims will be accepted if the patient should be hospitalized for at least 24 hours, Etc (Zubin Behramkamdin, Vidya Nair, June 2020).

LIFE INSURANCE:
Life insurance firstly saves the livelihoods of people and their financial safety. Along with the loss of new premiums, the industry is facing the challenge of high death claims. Life insurance usually deals with a term policy, investment-link policy, and savings policies because of the pandemic there are different impacts on each category of life insurance.

With any emergency, there is a hurry to increase one’s cover but because of the current situation people are unwilling to take a higher cover hence, there will be a temporary drop in sales activity. And in long-term savings, though it looks attractive insurers will face difficulty to market the product having less interest rate. The commutation may go up and the overall tendency may decline. The pandemic has hit the consumer’s belief in the stock market only a few consumers who dare to buy the bottom are starting new policies and existing customers are been advised not to reclaim before maturity. As being high death rates it’s becoming tough for insurers to maintain the claims.

NON-LIFE INSURANCE:
Health insurance helps us to look after the medical and surgical expenses. Though insurance companies have introduced covid 19 policies it is not selling more than the general insurance because it contains a lot of terms and conditions in it.
The gross direct premium income of the health insurance was about 370 billion in the financial year 2019 but has faced down by 0.42% in 2020. IRDA has guided the insurers to consider covid – 19 related claims under active health insurance policy only but these claims may cause a burden for the insurer if the patient medicated outside the government hospital.

Only 14-16% of the Indian population has health insurance and roughly 80% of these premiums are worth INR 51,637 crores which have been paid out by the insurance industry to the hospital industry. Many insurance companies started creating new products that would help the insured to cover the risk in exceptional circumstances. Because of the government reducing the bond interest and repo rate insurers are facing the challenge to maintain enough reserve. (Joydeep Roy, June 2020)

General insurance saves us and materials we value. The total value of gross direct premiums of general insurance in India were about 680 billion in 2019 (Statista Research Department, March 2020). Automobile purchasing was the main source for premiums but because of this lockdown purchasing rate is dropping down parallel to these claims also becoming less fewer vehicles are coming on the road so that we can expect a fewer accident. People are not purchasing the new vehicle as before which is hitting the premiums though the insurance sector compensates this by levying high coverage on the existing vehicles it is difficult to handle the situation. Surveying damaged vehicles is also becoming tough as no surveyors can go out in the lockdown so now claim value raised to INR75000 from INR50000 (Joydeep Roy, June 2020). Lack of manpower spare part dealers and motor manufacturers are facing many problems to provide proper service for the customers. As all road, water and air transportations been stopped insurance industry is expecting fewer policies and fewer claims. An insured is getting rejected if they claim for business interruption policy as this pandemic has not done any physical harm. The matter of damage to insured property or materials is still pending in a US court. In the Louisiana case of Ocean Grill vs. Lloyds (Zubin Behramkamdin, Vidya Nair June 2020).

VII. METHODOLOGY:

This particular study is done based on secondary data collections like newspaper articles, journals, and reports. Here is the study which contains the impact of covid 19 in India and the world. This study is conducted for the year 2019-2020. This study is an integrative review method so no tools have been used; data collections and analysis have not been done.

VIII. RESULTS AND DISCUSSIONS:

We have already been known that the coronavirus has badly impacted the insurance sector throughout the world. This study says that there are so many continuous changes happening in the insurance sector which leads to the fluctuation in the nation’s economy but yet we cannot estimate how far it will take the insurance sector to. Still, few action that could be considered are like business continuity plan which means each business has to plan their continuity through all the ups and downs and any natural disaster happened that too this insurance industry is meant for the people’s and other industry’s help so it would be better to have some business continuity plan. And the vast part of this industry is employee-based(one-to-one communication) so it is very necessary to look after the safety of the employees by providing a better network to do work from their home and should make them feel much supported. The company should create a task force to handle and monitor the Covid-19 situation before during and after the lockdown period. It is very much needed to have regular communication with customers, agents, brokers, and shareholders, etc. so the insurance industry should be ready to provide continued service. And at this situation, it is very important to have a good IT infrastructure and high cybersecurity because now all most all the transaction in the insurance industry is happening through the digital platform so if the industry has the security then people would dare to continue their business with this sector. Because of the concern, IRDAI has announced several measures to serve the policyholders like

- IRDAI has advised insurers on how to effectively resolve all claims related to covid-19 hospitalization and medical costs, but only after a comprehensive analysis by the insurer's claim review committee.
- IRDAI has directed that all information about partial and complete office closures be sent via SMS, email, and posted on their website.
- The IRDAI ordered insurance firms to hire the required number of workers to preserve social distance and obey government laws.
The COVID-19 pandemic is challenging for the insurance industry but at the same time, it indicates the opportunity. As everyone is aware of the impact of COVID-19 on the insurance sector, it is mandatory and necessary to follow the guidelines given by the IRDAI. This would help both the insured and insurer to handle the current uncertainty in a smooth way. And all the employees working in this sector should be taken care of and necessary to follow the guidelines given by the IRDAI. 

IRDAI Circulars of April 8, 2020: Only if insurers have frame board-approved policies, IRDAI permitted insurers to grant a three-month suspension for installment payments due between March 1, 2020, and May 31, 2020.

Circulars issued by the IRDAI on April 13, 2020, and April 24, 2020: IRDAI advises insurers to avoid paying dividends from earnings in the financial year ending March 31, 2020, as a result of this circular. On September 30, 2020, the status will be re-evaluated.

Circulars of the IRDAI dated April 16, 2020: Though the circular is vague about what must be done to employees with medical benefits, medical insurance is now needed by the IRDAI.

IRDAI Circulars of April 18, 2020: In this circular, IRDAI instructed insurers to ensure that all cashless treatments are transmitted to the network provider hospital within 2 hours of receiving an authorization request and final need from the hospital, whether from an insurer or a third-party administrator.

IX. CONCLUSION

The COVID-19 pandemic is challenging for the insurance industry but at the same time, it indicates the opportunity. As everyone is aware of the impact of COVID-19 on the insurance sector, it is mandatory and necessary to follow the guidelines given by the IRDAI. This would help both the insured and insurer to handle the current uncertainty in a smooth way. And all the employees working in this sector should be taken care of and necessary to follow the guidelines given by the IRDAI. No need to concentrate only on the negative impact here few positive impacts will help the sector to grow much better in the future.

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