

Impact of COVID-19 on Health Insurance Sector

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Abstract –India is between the top worst-hit countries by COVID-19, which has impacted almost all industries and sectors across the world, including the insurance industry. The corona pandemic has pushed business across sectors to change the way they operate and the health insurance industry is no exception. From sold new policies to the customer to settling claims, the extended lockdown in the wake of COVID-19 has pushed insurance companies to depend heavily on their digital architecture. A lot of insurance providers are making customized plans to ensure coverage affected. This paper is attempting the study about health insurance post COVID-19 and how it impact to the health insurance sector.

Key Words:Pandemic, lockdown, digital, customized

1. INTRODUCTION

There is a positive impact of COVID-19 as more and more people have started investing in health plans. As per available statistics, health insurance related queries have gone up by 50 per cent and the talk time has also increased significantly over the past couple of weeks. The COVID-19 outbreak is most likely to boost growth in health insurance in a relatively under-insured market by increasing the health insurance penetration rate. A lot of insurance providers are making customized plans to ensure coverage affected. The pandemic has pushed businesses across sectors to change the way they operate and the insurance industry is no exception. From selling new policies to settling claims, the extended lockdown in the wake of covid-19 has pushed insurance companies to depend heavily on their digital architecture. Reason why COVID-19 policies are not selling more than general health insurance plans is that the COVID-19 specific insurance plans have come out with a host of terms and conditions and many customers are not finding it worth buying. Whereas a general health insurance policy is providing a bunch of features and benefits to deal with this pandemic. They can't rely on COVID-19 specific plans for complete coverage. Even still people seem well in control of their financial health and matters, they are extremely worried about the risk to their and family's physical health. As a result, the awareness of the importance of health and life insurance is now higher than ever.

2. LITERATURE REVIEW

- I. Goel (2014), had depicted that health insurance companies should come out with clear cut policy details. Researcher has studied consumer behavior of

residents of Rohtak (Haryana –one of the richest area of north India) towards health insurance.

- II. Sonal Kala and Dr. Premila Jain(2015), This study focused upon the awareness of health insurance among secular in Rajasthan Area (India). This study also provides ideas for health insurance companies to deal with their limitations and to grab the opportunities more in the market.
- III. Satakshi Chatterjee, Dr. Arunangshu Giri, Dr. S.N. Bandyopadhyay (2018), study indicates the overall healthcare insurance sector of India, point out the challenges faced by the healthcare insurance industry of India and analyze at the insurance models of other countries in terms of healthcare.
- IV. M. Vinoth (2019), study is concerned with the Health insurance schemes of selected companies in India in order to analyze the position of the individual company are to be calculated and also analyze the company's claims, settlements and premium.
- V. 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.

3. OBJECTIVES

- i. To understand the basics of health insurance market.
- ii. To understand customer point of view towards health insurance.
- iii. To understand the importance of cashless hospital near customer and whether that impacts the buying behavior.

4. METHODOLOGY

4.1 Statement of problem:

S1) Is there difference between people buying health insurance post covid-19 in India?

S2) what is the level of awareness about health insurance in occupation?

4.2 Research hypothesis:

H₁: There is significant relationship between people behavior of buying health insurance post covid-19.

4.3 Research Design

Type of research: Quantitative research

This study is a quantitative research study because it attempts to measure the level of awareness about health insurance in India. The collected data is quantified by coding the responses to arrive at a predictable conclusion. The questionnaire has a structured format.

4.4 Research Design:

The type of research design which best describes this study is the Descriptive research design. This can be concluded based on the facts that in this study, the problem is clearly defined and the hypotheses are framed.

The information needed is clearly defined through a structured questionnaire. Statistical tools will also be used to examine the data.

4.5 Population/Universe:

Population states to any group of people or objects that form the subject of study in a particular survey. In this study the population of India, i.e. the population of India between the age group of 19 - 72.

4.6 Sampling technique:

Initially, a rough draft will be ready keeping in mind the objective of the research. A pilot study will be undertaken in order to know the accuracy of the questionnaire. The final questionnaire will be arrived at only after certain important changes are combined. Convenience sampling technique will be used for collecting the data from different insurers. The insurer is selected by the convenience sampling method.

4.7 Sampling unit:

The respondents who will be asked to fill out the questionnaires are the sampling units. These comprise of employees, students, business owner, professionals and also others importantly.

4.8 Sampling size:

The sample size will be restricted to only 200, which comprised of mainly people from different regions of India due to time constraints.

Sampling area:

The area of the research is all over Maharashtra.

Age group: 19 to 72 years

4.9 Data

Type of data: Primary data

Information is collected by conducting a survey by distributing a questionnaire to 200 insurers and non-insurers in India. These 200 insurers and non-insurers are from age group of 19-72 years and different occupations.

Type of data: Secondary data

Secondary data used includes:

- Information from the company website of Aditya Birla Capital and Aditya Birla Sun Life Insurance. The website is: www.adityabirla.com
- Other secondary sources of data include different websites used to find out about the industry background and recent trends in the industry.
- The statistical tools used include the statistical feature of Google Forms (forms.google.com) to draw bar graphs and pie charts of the data collected from the respondents.
- Secondly, MS Excel 2019 has been used for analyzing the data and performing various tests on the hypotheses to check their validity.

5. Brief about sector

The insurance industry of India contains of 57 insurance companies of which 24 are in life insurance business and 33 are non-life insurers. Among the life insurers, Life Insurance Corporation (LIC) is the single public sector company. Apart from that, between the non-life insurers there are six public sector insurers. In adding to these, there is sole national re-

insurer, namely, General Insurance Corporation of India. The Indian Insurance market include agents, dealers, surveyors and third-party administrators servicing health insurance claims.

Market Size:

Government's policy of protecting the uninsured has gradually pushed insurance penetration in the country and proliferation of insurance schemes.

Gross direct premiums of non-life insurers in India reached US\$ 20.33 billion in FY20 (up to December 2019), gross direct premiums reached Rs 410.71 billion (US\$ 5.87 billion), showing a year-on-year growth rate of 14.47 per cent. Total insurance penetration (premiums as per cent of GDP) in India reached 3.69 per cent in 2017 from 2.71 per cent in 2001.

In FY19, premium from new life insurance business increased 10.73 per cent year-on-year to US\$ 30.7 billion. In FY20 (till February 2020), gross direct premiums of non-life insurers reached US\$ 24.82 billion, showing a year-on-year growth rate of 14.03 per cent. Private sector insurers saw a 17 per cent growing in premium collection, the state-owned non-life insurers registered a nine per cent growth in the same period.

The market share of private sector companies in the non-life insurance market rose from 13.12 per cent in FY03 to 55.70 per cent in FY20 (up to April 2019).

After doing the analysis using Porter's Five Forces model, of the present environment of Health Insurance Industry, we can find that,

1.Threats of New Entrants

New entrants in Health Care Plans brings innovation, new ways of doing things and put pressure on Health Insurance Innovations, lower pricing strategy, reducing costs, and providing new value propositions to the customers. Health Insurance Innovations, has to manage all these challenges and build effective barriers to safeguard its competitive edge.

2.Bargaining Power of Suppliers

All most all the companies in the Health Care Plans industry buy their raw material from numerous suppliers. Suppliers in dominant position can decrease the margins Health Insurance Innovations, can earn in the market. Powerful suppliers in Healthcare sector use their negotiating power to extract higher prices from the firms in Health Care Plans field. The overall impact of higher supplier bargaining power is that it lowers the overall profitability of Health Care Plans.

3.Bargaining Power of Buyers

Buyers are often a demanding lot. They want to buy the best offerings available by paying the minimum price as possible. This put pressure on Health Insurance Innovations, profitability in the long run. The smaller and more powerful the customer base is of Health Insurance Innovations, Inc. the higher the bargaining power of the customers and higher their ability to seek increasing discounts and offers.

4.Threats of Substitute Products or Services

When a new product or service meets a similar customer needs in different ways, industry profitability suffers. For example, services like Dropbox and Google Drive are substitute to storage hardware drives. The threat of a substitute product or service is high if it offers a value proposition that is uniquely different from present offerings of the industry.

5.Rivalry among the Existing Competitors

If the rivalry among the existing players in an industry is intense then it will drive down prices and decrease the overall profitability of the industry. Health Insurance Innovations,

operates in a very competitive Health Care Plans industry. This competition does take toll on the overall long-term profitability of the organization.

6. FINDING

Table - 1: Demographics of The Sample Insurers

Parameter	No. of Insurers	Percentage %
Gender		
Male	92	46
Female	108	54
Total	200	100
Age		
Between 19-25	74	37
Between 26-35	100	55
Between 36-72	26	8
Total	200	100
Occupation		
Student	53	26.5
Employee	70	35
Business	48	24
Professional	3	1.5
Other	26	13
Total	200	100

Interpretation:

Table 1 above shows, that 46 (%) of the insurers are male and the rest 54(%) are female. It is observed that a greater number of females have responded to the questionnaire. This may be because females are inherently more inclined towards health and information related to the same.

When it comes to age, it was found that 37% respondents belong to the age group of 19-25. 55% of respondents belong to the age group of 26-35 and only 8% respondents belong to the age group of 36-72 years.

The data also says that 26.5% of respondents are students. 35% are salaried employees and 24% are business owners. The data also says that 1.5% of individual respondents are

professionals and 13% homemakers or unemployed have also filled the form. Hence this sample data is a true representative of the people in India.

Test 1

H₁: There is significant relationship between people behavior of buying health insurance post covid-19.

H₀: There is no significant relationship between people behavior of buying health insurance post covid-19

Table- 2: Buying health insurance post covid-19

Parameters	No of Insurers	Percentage %
Strongly Disagree	1	1
Disagree	6	6
Neutral	29	29
Agree	45	45
Strongly Agree	119	119
Total	200	200

Stated above are the alternate and null hypotheses on the basis of the research conducted. To prove the alternate hypothesis, MS Excel tools are used. With the help of the results of "one sample t- test conducted in MS Excel, the following results were obtained.

t- Test: One sample	
<i>People behaviour of Buying health insurance in covid-19 is more</i>	
Mean	101.5
Variance	3350
Observations	200
Hypothesized Mean Difference	0
df	199
t Stat	24.8003972
P(T<=t) one-tail	4.33206E-63
t Critical one-tail	1.652546746
P(T<=t) two-tail	8.66412E-63
t Critical two-tail	1.971956544

In this table, the P value is observed to be less than 0.05 which is the set significance level (probability of rejecting the null hypothesis when the null hypothesis is true). Hence, we reject the null hypothesis and accept the alternate hypothesis.

7. OBSERVATION

- i. Opportunity for insurance companies and understand the customer point of view towards health insurance, people had more awareness of health insurance.
- ii. Customer and company depend heavily on their digital architecture.
- iii. Majority of the companies were come up with covid-19 plan which include in their existing policies.
- iv. In India, it was found that from survey majority of people having health insurance policy but in rural areas people uneducated about health insurance policies.
- v. People are willing to Purchase new health insurance policy for individually and some of them for their family but not all, there was some people who don't know about insurance policies.
- vi. Majority of the people from survey purchase new health insurance policy for their family.
- vii. Insurers believe that there has been greater concern and awareness about health, and enquiries about health insurance policies have increased by 30–40 per cent.
- viii. The pandemic also provides an opportunity for insurance companies to innovate and serve the evolving needs of a more informed population. Several insurance companies have launched COVID-19 insurance products in March 2020 and in July 2020.
- ix. While COVID-19 has taught us many things, like basic hygiene factors or social distancing, the one very important thing is that we should not ignore health-insurance any further. Every family needs it.

3. CONCLUSIONS

The COVID-19 pandemic this, is challenging for the health insurance industry on various fronts, at the same time, it represents an opportunity. While being extremely applicable to society, using appropriate mitigation strategies, insurance companies may be able to support it further through product development activities and ensuring their reach is extensive. IRDAI and insurance companies are committed to helping COVID-19 patients. The World Health Organization has declared COVID-19 as a global pandemic. In the case of pandemics, insurance companies curtail their coverage. People are more aware about the health insurance in such pandemic and understand point of view towards health insurance. We find out comparative analysis of health insurance companies and understand its impacts on the buying behavior of customer. The COVID-19 pandemic also provides an opportunity for insurance companies to innovate and serve the evolving needs of a more informed population. Several insurance companies have launched COVID-19 insurance products in March 2020 and in July 2020. Other companies may follow get-up and introduce such products. These

products tend to be short term and carry fixed benefits, covering a fixed amount in excess of the hospitalization schemes.

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