

# The Adoption and use of Covid-19 Related Insurance Policies in Kerala: An Exploratory Study

SANJAY M & K CHANDU KRISHNAN

**Abstract:-** Insurance can help people from the uncertainty and potential loss by providing vital - protection. When there is a disaster, an insurance plan can provide consumers with the financial support they need. Without it, many individuals could even face bankruptcy.

During the Covid-19 the major insurance companies have launched several health-related policies for the benefit of the people in order for protecting their health and lives.

We are mainly considering two major insurance providers namely Life Insurance Corporation and Bajaj Life Insurance as the insurance companies to know the extent of adoption and use of Covid-19 related policies.

The main reason behind selection of this topic is of the fact that Insurance sector are considered to be one of the important sectors of the economy. The insurance sector services are vital because of its contribution to social development.

**Keywords:-** Insurance Sector, Covid-19, LIC, Bajaj, Satisfaction level of Customers, Services and Products Offered by Insurance Companies.

## I. INTRODUCTION

The insurance industry has been correlated with economic growth— The COVID-19 crisis has resulted in a significant impact on insurers across the globe. While the industry employs new rules of work and shifting regulations with digital initiatives, some of the more direct impact that translates to lowering profits and growth are forcing insurers to cut costs and perform more efficiently at the same time. At the same time, the pandemic has caused a change in customer preferences which is indirectly affecting the insurance sector on all scales.

The pandemic has impacted various sectors of the economy and both life and non-life insurance businesses has also affected adversely by current pandemic situation. New business policy sales have been dropped; percentage of policy takers has been increased and also noted delay in premium payment.

In order to conduct the study, the secondary data has been collected from various newspaper articles, online blogs, website and annual reports of life insurance companies.

While we have seen a rapid growth of the overall health insurance sector, some key changes/trends to look out for the next year are:

- Consistent Growth Momentum
- New and Innovative Offerings
- New Distribution Channels
- Technology and Digitization

## II. OBJECTIVE OF THE STUDY

- To evaluate the use of insurance policies during the Covid-19 pandemic
- To find out whether insurance policies are satisfactory to the consumers
- To find out the adoption of insurance policies and its performance during Covid-19 pandemic
- To analyze the changing trends and challenges in Insurance sector during Covid-19.

## III. LITERATURE REVIEW

**Satakshi Chatterjee, Dr ArunagshuGiri, Dr. SN Bandhopadhyay (2020)**, study indicates the overall health care insurance sector of India, point out the challenges faced by the health insurance industry of India and analyze the insurance models of other countries in terms of health care. The objectives were to study the overall health care insurance sector in India and to point out the challenges faced by health care industry in India. This paper also analyses different challenges faced by health insurance sector. One challenge is that there is a high claim paid ratio especially with respect to public investors due to this reason the company incur huge losses.

**Aggarwal S and Singh. A (2020)** This examination paper centers around the effect of the flare-up of pandemic Covid-19 on the Indian Economy. This paper portrays the effect of Covid-19 on various areas of the Indian Economy. This paper likewise gives light on those areas which see a lift because of the episode of Coronavirus.

**Dr. Ramasamy. K (2020)** Coronavirus influences different enterprises and economies across the globe. India is one of the nation's seriously influenced and in the third spot all around the world. In this paper, they examine different factors, for example, lockdown approach, ban, various effects in banking, monetary administrations, and protection area.

**Uma Tripathi and Dr Madhu Dixit (2021)** The objectives of the study were to study the change in number of life insurance policies over the last 7 years. It was very evident from the results that there is significant positive impact in terms of number of policies on life insurance sector. Study indicate that there is an increase in sum assured

for every year as compared to previous year. This statement was considered to be a major finding of the study.

**Pushpa Suryavanshi (2021)** analyzed that insurers need to come up with more customer centric innovative solutions which gives multiple benefits to the policyholders giving more digital services on the customers in terms of giving online policy information, policy buying, premium payment and also fast claim settlement and also people tend to invest in long term insurance policy.

**Monika Chaudhary (2020)**, conducted a study mainly on the effect of covid-19 on the Indian Economy. The study mainly discussed individual sector that got affected due to Covid-19. Study was based on secondary methodology.

**Gosh, Amlan, and Mukherjee, Abhijith (2020)** Conducted study on Covid 19 and property liability insurance aiming the Indian Economy. The main purpose of this paper was to know the impact of Covid-19, that is if it is positive or negative towards property liability insurance.

**Ravi Shekharin (2021)** 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. This article has finished by using secondary data collection

**Joydeep Roy (2020)** has conducted a study which mainly talks about Covid-19 impact on the Insurance industries in India. The study also talks about some of the major problems faced by the insurers during Covid-19.

**V.N Reddy and S M Reddy (2020)** analyzed performance of LIC during Covid-19 policies and states that maximum growth of health insurance registered during pandemic period and examines the level of customer satisfaction and it helps the management, to take corrective actions

#### IV. THEORETICAL FRAMEWORK

Insurance policies are used to hedge against the risk of financial losses, both big and small, that may result from damage to the insured or her property, or from liability for damage or injury caused to a third party.

##### A. Covid 19 Related Insurance Policies:

###### a) Coronavirus Term Insurance Policies:

Generally, term plans only provide death benefit due to illness if the insured succumbs to critical ailments such as cancer, stroke and heart disease, amongst others. However, with COVID-19 cases rising by the day, many insurance companies are now covering deaths caused due to COVID-19 too. If a person passes away due to Covid-19 has a life insurance policy, then the beneficiary of the policy will receive the death benefit as a sum assured amount.

###### b) Covid-19 Protection Plan:

A Corona Virus or a Covid-19 protection plan is an insurance policy that covers hospitalization and medical expenses incurred during the treatment of Covid-19. The plan covers up to Rs.2 lakh. The plan covers expenses against hospitalization for less than 24 hours. The coverage can only be availed in case you are diagnosed COVID-19 positive by a government-approved laboratory or Indian Council Medical Research (ICMR) approved private laboratory.

###### c) Corona Kavach Policy:

Corona Kavach, Policy is designed to pay for medical expenses arising due to Coronavirus infection. Insurance Regulatory and Development Authority of India (IRDAI) has announced the launch of Corona Kavach Policy and made it mandatory for all General & Standalone health insurance companies in India to offer this policy to its customers. Corona Kavach Policy aims at covering hospitalization, pre-post hospitalization, home care treatment expenses and AYUSH treatment in case anyone is tested positive of Covid-19 infection.

###### d) Corona Rakshak Policy:

Corona Rakshak Policy is a standard benefit-based health insurance designed to cater to the needs of people subject to the treatment of COVID-19. It provides a lump sum benefit to insured individuals if they are tested positive for COVID-19 and require hospitalization. The plan offers coverage on an individual basis with sum insured options ranging from Rs.50,000 to Rs.2.5 lakh, in the multiples of 50,000. However, a proposer can also buy this policy to cover his or her family member without covering himself or herself. This policy is offered coverage to people between 18 and 65 years.

###### e) LIC Jeevan Labh policy:

LIC Jeevan Labh policy provides a lump sum amount to the policyholder at the time of maturity of policy, and financial support for the family in case of death of the policyholder before maturity of policy. It can be purchased any individual in the age group of 8-59 years and the policy term is for 16 years.

###### f) Bajaj Health Insurance plan:

It is insurance that covers COVID-19 hospitalization expenses for the elderly. With this plan, you get financial security for, hospitalization, medical check-ups, and pre and post hospitalization expenses. And, you also get a 5% family discount for each member of your family and customized packages to suit your requirements.

**B. Why should we take a Covid-19 Insurance Plan?**

In the current pandemic situation, it is important for everyone to be adequately insured as life has become even more uncertain. Moreover, it is important to consider the high cost of treatment in private hospitals if suffering from Coronavirus. Even if you have a life insurance policy or a health insurance plan, it may not be adequate considering the rise in number of critical cases and deaths due to COVID-19. Here are reasons why getting a COVID-19 specific insurance plan are a good idea:

- Life Coverage
- Covid-19 Treatment Expenses
- Tax benefits
- Age benefits
- Long time financial impact

**C. Benefits of Covid Insurance**

- Everyone can be financially secured
- Insurance will be available at much cheaper rates
- The procedure for claim-settlement will be very easy
- The financial planning or financials have less inflation rates

**D. How to Buy Covid Insurance**

- First, we should visit the online website of the insurance company and select the option COVID death insurance policy.
- Then proceed with the process of buying the COVID insurance policy by filling out personal details.
- Select the required sum insured for your policy which you have selected
- Once we have completed the required formalities, pay the amount for insurance online.
- You will receive the life insurance policy document shortly by mail or by any other means

**E. What is not covered in Covid-19 Premium plans**

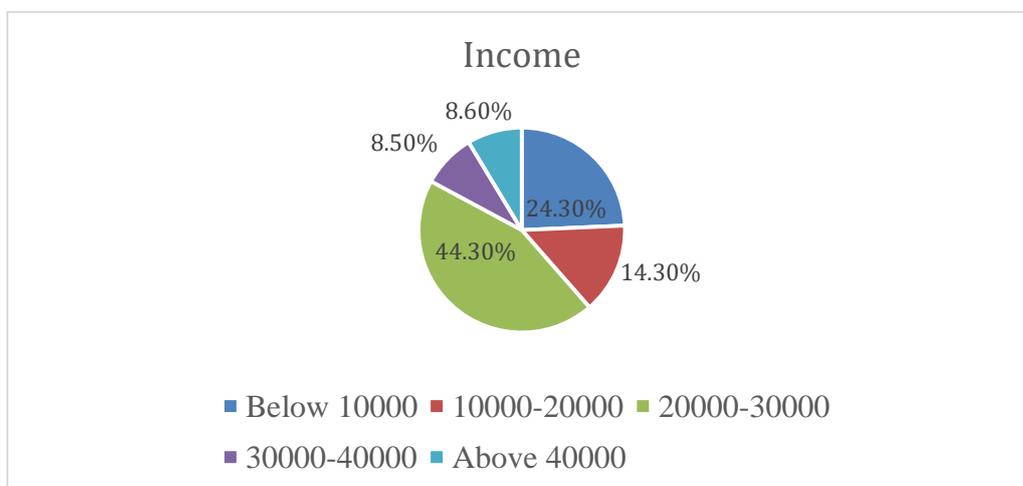
- Diagnostic center which is non-authorized:  
If in any case of insured person diagnosed in non-authorized center and is tested for Covid-19 the insurance claim can be rejected.
- Claims availed within waiting period of 15 days:  
In case if the insured raise a claim within period of 15 days, the claim will be rejected.
- Hospital Duration:  
Hospitalization for less than 24 and is not covered.
- Other Medical Costs:  
Medical expenses which are not related to Covid-19 or other medical treatments not mentioned in the insurance document are not taken into consideration.

**V. DATA DESCRIPTION / ANALYSIS OF DATA**

The main problem we are trying to analyze is to find out or evaluate the performance of Insurance companies and adoption their policies at the time of Covid-19 pandemic. We are evaluating the adoption and usage of these policies by taking two prominent companies LIC and Bajaj and also collecting data from consumers especially from Kerala region. We are planning to analyze and interpret the data with the help of graphs and charts describing the performance and application of policies taken by both these insurance companies during Covid-19.

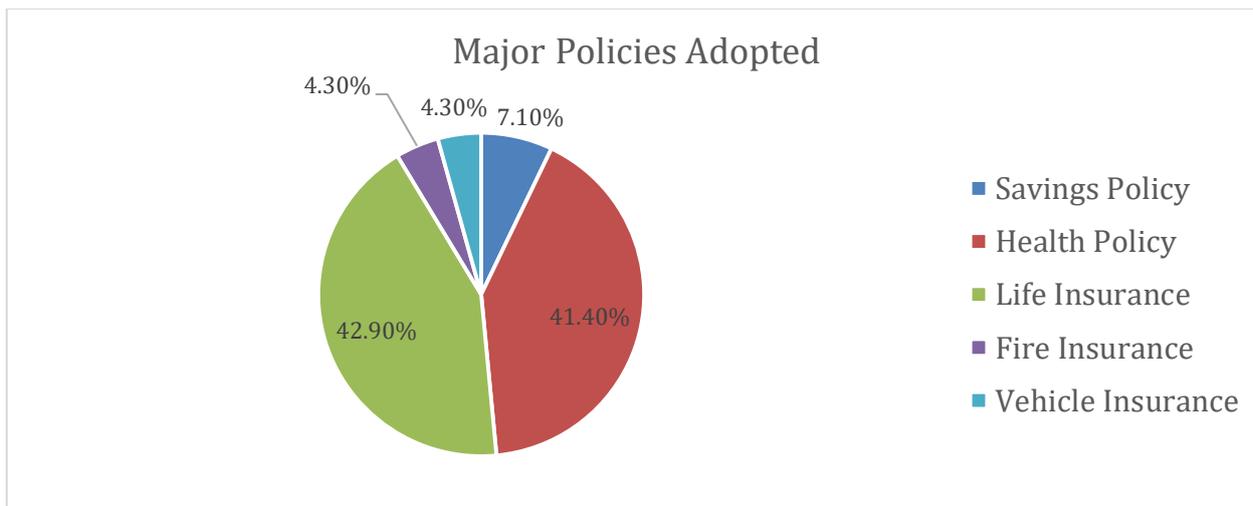
We have collected data from secondary sources. Questionnaire in the form of google forms were distributed to the customers of both the insurance companies that is LIC and Bajaj. The data is analyzed with the help of simple percentage analysis with the use of graphs and tables. The questionnaire consisted of 15-20 questions which mainly related to knowing which policies the public adopted, what was the reason behind choosing the policies, how well the policies and procedures adopted by the companies beneficial to the public. A total of 70 responses was received for which it is taken as inputs for the study.

Some of the results or responses received from the questionnaire are:



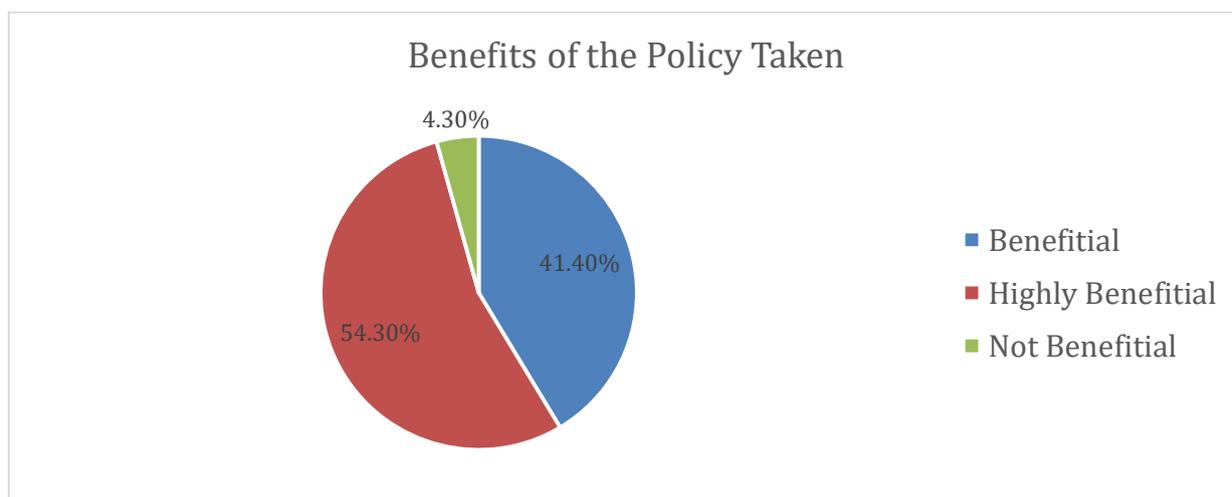
• Interpretation

The people with income range ranging from 20000-30000 were majority the ones who took the survey 44.3%

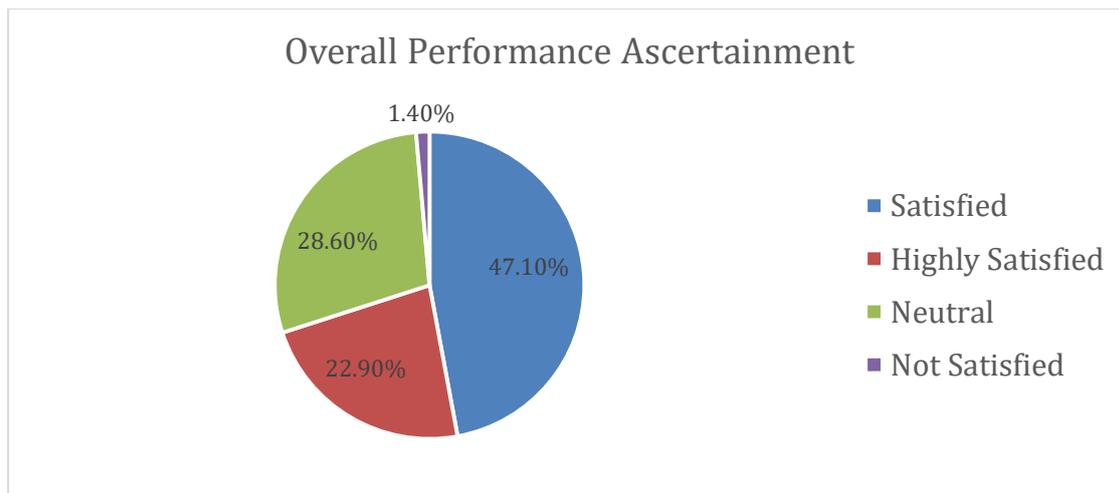


- Interpretation**  
 Mainly life policies were adopted by the insurance companies during the pandemic period also these were the policies taken up the general public. (42.9%). Next in line comes health Insurance which consisted of 41.4%.

| Particulars                | Amount (2020-21) | Amount (2019-20) |
|----------------------------|------------------|------------------|
| Total Income               | 24,557           | 25,295           |
| Interest Income            | 19,932           | 20,825           |
| Other Income               | 4,625            | 4,470            |
| Total Expenses             | 17,466           | 20,183           |
| Interest Expenses          | 11,414           | 13,847           |
| Operating Expenses         | 6,052            | 6,336            |
| Net Interest Income        | 8,518            | 6,978            |
| Operating Profit           | 7,091            | 5,112            |
| Provisions & Contingencies | 5,732            | (17,999)         |
| Profit/(Loss) After Tax    | 1,359            | (12,887)         |



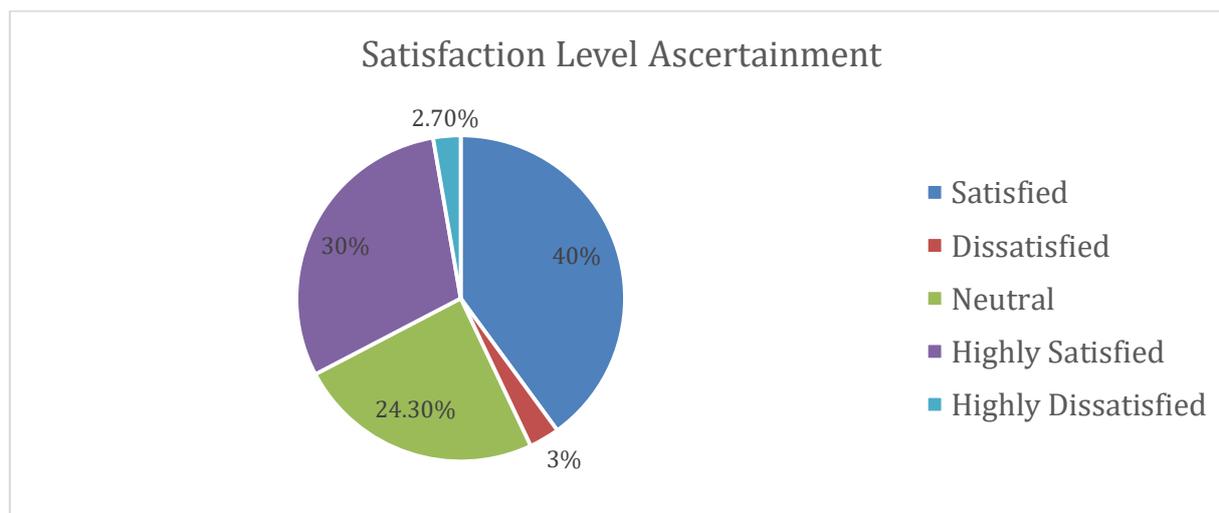
- Interpretation**  
 From the graph above, we can infer that these policies brought forward by insurance companies were highly beneficial to the general public. (54.3%).



• Interpretation

From the graph, it is very much clear that the customers are satisfied with the performance and operations of insurance companies.

Analysis of Profit and Loss account of Insurance Companies (LIC) (Amount in Crores) (Source: Official Websites of insurance companies)



• Interpretation

Majority of the people who took the survey is very much satisfied with the services offered by the insurance companies during the pandemic period (40%). Highly satisfied people consisted of (30%).

• Analysis of Profit and Loss account of Insurance Companies (Bajaj)

| Particulars                      | Amount (2021) | Amount (2020) |
|----------------------------------|---------------|---------------|
| Total Income                     | 24,256        | 9,904         |
| Commission (Net)                 | 580           | 420           |
| Operating Expenses               | 2,105         | 1,931         |
| Total Expenses                   | 2,685         | 2,351         |
| Provision for Investments        | (111)         | 390           |
| Benefits paid                    | 6,257         | 6,849         |
| Change in Valuation of Liability | 14,666        | (268)         |
| Taxes                            | 91            | 51            |
| Amount Transferred to Funds      | 88            | 81            |
| Profit/(Loss) After Tax          | 580           | 450           |

- **INTERPRETATION**

From the two tables, it is very much evident that the Covid-19 and its related other happenings have negatively impacted LIC as they have incurred a loss of Rs. 12,887 Crores in the year 2019-20 whereas Bajaj have performed somewhat really well in the Covid Period they have incurred decent amount as profits in the year 2021 and in the year 2020 which is Rs. 580 and Rs. 450 Crores respectively.

- **Information about Covid related health insurance claims:**

|  |         |                |
|--|---------|----------------|
| Number of Covid Claims:                      |         |                |
|  | 2020-21 | 9.83 Lakhs     |
|  | 2021-22 | 19.47 Lakhs    |
| Total Covid Related Health Insurance Claims: |         |                |
| Reported Claims number                       |         | 29,31,559      |
| Reported Claims amount                       |         | Rs. 36,512.5cr |
| Settled Claims number                        |         | 26,26,331      |
| Settled Claims amount                        |         | Rs. 23,956cr   |
| Deaths                                       |         | 56,644         |
| Under-treatment                              |         | 29,516         |
| Discharged                                   |         | 28,45,399      |

## VI. FINDINGS

- Since most of people who took the survey fall in the income category of Rs. 20000- 30000, we can infer that insurance policies particularly in this Covid period brought forward by insurance companies are not that expensive.
- Fire and Vehicle insurance are not given any consideration by the public. Majority feel that health and life insurance policies are vital especially in this period.
- Majority of the people who took the survey were satisfied with the products and services offered by insurance companies during the pandemic period, this also justifies the insurance companies performed according to the expectations of their customers if not slightly higher.
- For both the insurance companies that is LIC and Bajaj, Insurance agents as well as friends/family play a major role for the customers to choose their respective insurance companies.
- In both cases of insurance companies, the respective customers avail the option of calling their own respective insurance agents for the purpose of insurance claim withdrawals.

## VII. CONCLUSION

This Study mainly helps us to analyze different Covid-19 related policies adopted by the insurance companies and to know whether these policies were beneficial to the general public.

We can infer from the findings that customers or general public who took policies are very much satisfied with the services and performance or working of the insurance companies.

LIC have also incurred lot of expenses in the two years when compared with Bajaj.

The main reason behind us selecting Bajaj insurance company as the company for analysis is due to the fact that majority of the public have a great amount trust towards the company in taking insurance and availing claims.

We can also infer that majority of the customers trust their respective insurance companies in the happenings of settlement of claim.

From the Profit and Loss account of both the insurance companies, it can be inferred that Bajaj performed better during Covid period. LIC in general also performed well financially.

## REFERENCES

- [1.] <https://www.bajajallianzlife.com/annual-report-2020-21/index.html>
- [2.] <https://www.economicsobservatory.com/how-coronavirus-affecting-insurance-industry>
- [3.] <https://www.acko.com/health-insurance/covid-19-insurance/>
- [4.] <https://www.bajajallianz.com/about-us.html>
- [5.] <https://www.oecd.org/coronavirus/policy-responses/responding-to-the-covid-19-and-pandemic-protection-gap-in-insurance-35e74736/>