

# Impact of COVID-19 on Financial Services in Indian Insurance Industry

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## Abstract

In a insurance concern, funds can be procured from different sources and therefore procurement of funds is always considered as complex problem for the public at the time of COVID-19. The major disruption will be caused by digitization which was already taking place in the insurance industry globally but the onset of the COVID crisis has accelerated the transition process. This would effectively mean that in the coming days the digital customers of the industry can expect only better choices and smoother delivery while the front offices are changing the way the insurance industry operates and interests with its customers. Industry experts should also facilitate building a robust and resilient frame of operations as insurers begin adapting to the new normal. With the recent outbreak of corona virus, an increasing number of people have become more aware of insurance. Many of them also consider insurance as a necessity to be ready in case of any other unforeseen circumstances in the future. The COVID-19 crisis has given rise to both immediate and potential challenges for the insurance industry in near future.

**Keywords:** COVID, Insurance, Impact, Premium, Crisis, Society.

## Introduction

Insurance companies are taking required measures to ensure a smooth transition of the industry in to the post COVID world. From the front offices encouraging their customers to connect digitally to supporting their agents financially in these uncertain times by providing them advances commissions, the insurance industry is set to witness a major transition. The major disruption will be caused by digitization which was already taking place in the insurance industry globally but the onset of the COVID crisis has accelerated the transition process. This would effectively mean that in the coming days the digital customers of the industry can expect only better choices and smoother delivery while the front offices are changing the way the insurance industry operates and interests with its customers, the back offices are set to provide several relaxations and updated guidelines for insurers.

## Objectives of the Study

The study Based on the following objectives:

1. To know about the concept & obligation of Financial Services.
2. To analyze the financial Services of Insurance Companies.
3. To find out the correlation among various insurance plans in case of COVID-19 under the period of study.

## Research Tools Use in the study

The study is properly based on the secondary sources of data collected through published annual reports of the selected companies. For analyzing & compare the relationship between COVID-19 and various Financial Service sectors in Insurance companies. To find out the objective, the data for the study are collected through annual reports of related insurance companies. Other important data have been collected from different newspapers, online print media, live news Channels, various published reports/research reports from Insurance companies other financial related sites for proper study. The focus of the study is on statistical analysis of the data collected.

## Review of Literature

Every theory has its own history and its present always depend on the history. Reviewing of literature gave us the idea about the work already done in the area we going to research. It also makes an outline of the ideas

we going to follow in our research work. Here this paper presents the review of literature to identify and understand the implications of different issues related to consumer perception and satisfaction towards public and private life insurances companies in India after COVID-19. The literature on life insurance industry in India includes books, compendia, theses, dissertations, study reports and articles published by academicians and researchers in different periodicals. The review of this literature gives an idea to concentrate on the unexplored area and to make the present study more distinct from other studies related to the topic. The literature available is presented below:

1. Baal N. and Sandhog H. S. et al (August 2011), with the access of so many players in the field and the consistent competitive activism, the choate area of the service sector is observing a multi-dimensional, purposeful, consumer-friendly approach, shedding off the apathy that had come to be affiliated with the sector. The findings of the study imply that the gap scores do not amalgamate into five dimensions of service quality rather, than the perception scores merge into three dimensions.
2. Meera C. and Eswari M. (November 2011), in modern aggressive environment services are ameliorate accumulating more denotation. Nowadays, greater absorption is paid to all the bank customer touch points, address to optimise the reciprocal and user friendly services. The aim of the study by is to crumb the customers bliss towards cross selling of insurance products and other services accomplished by private sector banks.
3. Ansari Z. A. (March 2012) in the present study examines the attitude of individuals towards different kinds of risks and scope they prefer in Saudi Arabia. The study by further examine how the use of insurance particularly the binding insurance has altered the perception towards risks and their future behaviour towards buying other insurance policies and also what features the users of insurance suggest in their insurance policy contract. The study is based on primary data collected aimlessly from current users of binding insurance policies that is motor insurance and health insurance and life insurance.
4. Srivastava A. and Tripathi S. et al (April 2012) is a study on insurance industry bequeaths to the financial sector of an economy and also renders the paramount social covenant in developing countries. Hence, the study on Indian life insurance industry and their changing trends concluded that though the sector is rapidly growing, the industry has not yet insured even 50% of insurable population of India. To achieve this objective, this sector requires more improvement in the insurance density and insurance penetration.
5. Bihani P. and Bhowal A. (April 2013), has said that life insurance industry is in an augmentation aspect and cyclic advancements are going on with respect to products and services. The most alluring finding of the study was the severity of customer solution experienced is more that degree of customer solution expected.
6. Purusothaman U. R. (July 2013) has said that India has extensively been known for the divergence of its culture, for the amplitude of its people and for the accessibility of geography. Its basin of technical skills, its base of an English speaking populace with an increasing disposable income and its blooming market have all co adjure and accredit India engrosses as an operable partner to global industry. Hence, the study revealed that India ranks fifth on the overall index, as the number of points is more desirable on the country economy development index and the real estate market index, but fairly low on the regulatory index.
7. Thirupathi T. (January 2014), Life Insurance Corporation of India (LIC) is the largest insurance group and investment company in India. They prefer private insurance sectors because they provide them the banking facility and a lot of value added services so it will be beneficial both to common public and the LIC if it offers banking facility to the policy holders and the common public. The study revealed that the policy holders have bought out the expectations of the policyholders and their preferences. It has also offered suggestions that can be implemented for the benefit of the common public and the government.
8. Dash B. and Mohanty B et al (November 2014), this research reverie by is focused on effect of customer relationship management fashion on insurance sector in Odisha market. In this reverie customer's belief have been gathered through a structured questionnaire to comprehend the effectiveness of CRM implementation in association with the companies like Aviva, LIC of India, ICICI Prudential, Birla Sun Life and Reliance.
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10. Weersink, A. M. V. Massow, and B. Mcdougall. 2020. Economic thoughts on the potential implications of COVID – 19 on the Canadian dairy and poultry sectors. Canadian Journal of Agricultural Economics/Revue Canadienne D' agroeconomie.

#### **Financial Services in Indian Insurance Industry**

Since the enunciation of new Economic policy in July, 1991, there has been much significant development in the Indian Economy. All these developments, and many more, in the Indian

economy and especially in the corporate sector, and the competitiveness that has set in the Indian –

far more complex than what it was in the last century. Today, financial services are one of the most vital areas of corporate management. The subject matter of financial services is changing at a rapid pace and it has acquired a critical significance due to an increasing insurance business in Indian and other important development at national and international levels having a direct impact on the insurance sectors.

#### **Impact on Insurance Sectors**

While the insurance industry like every other industry has taken a major hit during this pandemic, the future prospects of the industry seem hopeful. Here in below is an analysis of challenges and opportunities in the insurance sectors.

#### **General Insurance**

Since general insurance undertakes the valuation of assets and businesses as well as their overall economic activities, it is benchmarked with the GDP in India to measure the insurance penetration. Hence, a large proportion of the general insurance sector is dependent on the performances of industries and individual businesses. So with the lockdown causing a hitch in the business sector, the general insurance market has subsequently suffered. The overall sector is believed to look up as the global economy stabilizes by the year 2020.

#### **Health Insurance**

India traditionally has been an underinsured country when it comes to health insurance. However, with government initiatives such as Ayushman Bharat which aims to insure the poor insurance schemes have reported covering only 18% of the urban population and a health cover over 14% of the rural population. Life insurance primarily protects the livelihoods of people and their future financial security. As a result, life insurance has a direct correlation with the earnings of people, their business performance, and net worth. Since the onset of the pandemic, there has been a rush to increase one's cover. According to the PWC report, pure life covers should see renewed interest, and thus, should see a boost in demand.

#### **How the industry is rising up to the challenges in Financial Sectors**

The insurance industry rides on the back of other industries. Hence, unless the overall economy bounces back or the insurance industry finds business in hitherto uncovered areas, the industry is likely to struggle in maintaining its momentum. The COVID-19 crisis has given rise to both immediate and potential challenges for the insurance industry in near future.

Insurance companies are taking required measures to ensure a smooth transition of the industry in to the post COVID world. From the front offices encouraging their customers to connect digitally to supporting their agents financially in this industry is set to witness a major transition. The major disruption will be caused by digitization while was already taking place in the insurance industry globally but the onset of the COVID crisis has accelerated the

market-place, have made the field of financial services for insurance sectors

transition process. While the front offices are changing the way the insurance industry operates and interacts with its customers, the back offices are set to provide several relaxations and updated guidelines for insurance.

#### **Limitations of The Study**

The study considered Life insurance companies of financial services for the findings. The companies taken for study are all sectors such as public and private undertakings. It is the opportunity for further studies to take such companies in a particular industry or all selections of public and private for detailed analysis. The study is fully conducted on the basis of secondary data of the insurance sectors.

#### **Conclusion/Suggestions**

In conclusion, it can be well established that moving ahead the insurance industry must learn from the past and choose solution with a preference for a pragmatic and fast approach rather than looking for perfect solutions to meet the future industry challenges. Industry experts should also facilitate building a robust and resilient frame of operations as insurers begin adapting to the new normal. With the recent outbreak of corona virus, an increasing number of people have become more aware of insurance. Many of them also consider insurance as a necessity to be ready in case of any other unforeseen circumstances in the future. But this was not always the case. Before the outbreak of COVID-19 in India, only a meager 10% of people showed interest in purchasing insurance to cover medical emergencies, including pandemics and infectious diseases, now, however, 71% of people consider it a necessity.

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