

“A Study on Impact of Covid-19 On Insurance Industry with Reference to Ernakulam City”

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Abstract: The insurance industry has experienced significant growth, providing policyholders with risk management and financial security through various insurance policies. These policies, including life, health, motor, freight, fire, and home insurance, offer protection against unforeseen events. The pandemic has transformed the industry, pushing insurers to adapt their strategies. Despite facing challenges, insurers played a crucial role during the pandemic and benefited from increased awareness about insurance importance. As a result, insurance adoption surged, with a 30-40% increase in health and life insurance policy purchases. This growth has brought new challenges, prompting insurers to innovate and meet evolving customer expectations. This study aims to analyze the growth of the insurance industry in Ernakulam city, focusing on health, life, and motor insurance, and understanding policyholders' experiences and motivations for opting for insurance products during the pandemic.

I. Introduction

Covid-19 is an ongoing global pandemic of corona virus disease 2019 which has brought a dramatic loss of human life across the world. It put forward numerous challenges to the world economy in public health, food systems, work environment etc. India is not an exception to the repercussions of the pandemic. In India the first covid case was reported on the 30th June 2020 in the state of Kerala. It had now become the largest global recession. Millions of people were affected by this disease and they are at the verge of falling into utmost poverty as it caused a tremor in the normal life of people. Many people lost their job whereas many people were affected by reduced salary. This has shackled the life of each and every citizen of India irrespective of their status. The pandemic stimulated not only individuals but businesses as well. Pandemic which emerged as a health crisis has now engrossed as a financial crisis. Almost all the industries and sectors were overblown by this virus and insurance industry is one such sector which had to go through certain commotions.

Insurance industry is a growing industry which offers the policy holders risk management and financial security in the form of various insurance policies at the time of unforeseen events. There are various insurance policies such as life insurance, health insurance, motor insurance, freight insurance, fire insurance, home insurance etc. These policies are mainly classified as life insurance and general insurance. With the upsurge of pandemic including insurance industry many industries were pushed to change their operating strategies. Even though they play a pivotal role during the pandemic they too were vulnerable to the volatility in the financial market. They had to go through considerate turmoil in the course of corona virus but eventually they were benefited from it. Many people became aware of the importance of insurance as they started to take up it as a prerequisite to cope up with future uncertainties. Currently almost 71% of people took various insurance products which were far away from the situation before the pandemic. In health and life insurance there was a hike of 30-40 percent purchase of policies. As demand for insurance products increased it possessed new challenges in insurance industry. This has brought changes in the insurance products to meet the expectation of customers. These new product eased the availability which paved as a way to recuperate future disruptions.

The study is conducted with an objective to analyze the growth of insurance industry in terms of health insurance, life insurance and motor insurance by studying policyholders, to know how the policies helped the insurers and to apprehend the reasons for customers opting for insurance products during the pandemic with special reference to Ernakulam city.

Research Gap

There are different perils that can destroy the economic value of human life these include premature health, loss of health, old age and unemployment. here life insurance is needed because it is a social and economic device by which a group of people may cooperate to share the loss resulting from such events on members of the group. This project is undertaken with the purpose to study impact of covid on insurance sector from customer’s point of view.

Review of literature shows that several studies are conducted in connection with covid and insurance. There are hardly any studies done in Kerala based on this topic as it is relatively a recent matter. So this paper attempts to study the impact of covid on insurance sector to find out the factors that resulted to changes in this field

Significance of The Study

Covid 19 has created a tremendous impact on the economic growth of the country which had both negative and positive effect. Insurance industry is a growing industry which plays a prominent role in the Indian economy. Even though it had a major hit during the pandemic the future prospects of the industry seem hopeful. Insurance industry had to go through various challenges and opportunities. So it is important to study the impact of pandemic on the insurance industry in terms of challenges and opportunities

faced by them and strategies adopted to cope up with the situation.

Objectives

To analyze the effect of covid-19 on insurance industry mainly focusing on life, health and motor insurance

To study and identify various difficulties faced by policyholders during the pandemic

To analyze the strategies adopted insurance industry to overcome the difficulties

To study the reasons for increase in the number of insurance policies opted by the people

To know about the awareness level of insurers

To analyze the impact of demographic factors on insurance industry at the time of pandemic

Scope of The Study

The present study reveals the impact of covid-19 on insurance industry which is limited to Ernakulam city.

Hypothesis-1

H0: There is no significant relationship between gender and preference of respondents in choosing insurance policy during covid-19.

H1: There is significant relation between gender and preference of respondents in choosing insurance policy during covid-19.

hypothesis-2

H0: There is no significant relationship between age and financial stress faced by respondents during covid-19.

H1: There is significant relationship between age and financial stress faced by respondents during covid-19.

Methodology

The investor's problems and needs can be best known from the investors themselves. Methodology of study therefore relies primarily on investors through structured questionnaire.

Sampling Area

The study is concentrated on Ernakulam city

Sample Size

This study is based on primary data collected from 100 respondents from Ernakulam city.

Sampling

The sampling technique that was adopted to conduct the survey was convenience sampling and the area of research was concentrated on Ernakulam city in Kerala.

Data Collection

The study is based on both primary and secondary data. The primary data was collected through questionnaire and the secondary data was collected from journals, websites, and newspapers.

Tools of Analysis

Data collected through questionnaire is classified and tabulated as per the need of study. Tools such as percentage analysis, liker's 5 point scale, chi-square test and ANOVA have been used in order to analyze the data.

Period of Study

This study was conducted during three months.

Data Analysis and Interpretation**Demographic profile of the respondents**

Demographic profile shows the annual income of respondents. It is evident that most of the respondents falls under the category of income below 50000 i.e., 47%. 13% belongs to the category of 50000- 100000. 23% have annual income between 100000-500000, 12% have annual income between 500000-1000000 and 5% have annual income above 1000000.

Policies bought by respondents post covid Table 2

Policies	No of respondents	Percentage
Health insurance	32	72.7
Life insurance	21	47.7
Motor insurance	6	13.6
Other	1	2.3

Source: Primary data

Table shows insurance policies taken by respondents during the pandemic. Out of 44 respondents who have bought insurance policy at the time of pandemic 72.7% of them have taken health insurance, 47.7% of them have taken life insurance, 13.6% have taken motor insurance and 2.3% have taken other policies. From this we can interpret that demand for health insurance has increased from 44.4% to 72.7% during covid-19, whereas demand of life insurance and motor insurance were decreased to 47.7% and 13.6% respectively. This shows that people prefer health insurance than other insurances.

Policy preferred by respondents the most during the pandemic Table 3

Policies	No of respondents	Percentage
Health insurance	47	47
Life insurance	39	39
Motor insurance	12	12
Other	2	2
Total	100	100

Source: Primary data

Table 3 shows the preference of respondents on various insurance policies. Among 100 respondents majority of them prefer health insurance i.e., 47%. Life insurance is preferred by 39%. Motor insurance is preferred by 12% and only 2% prefers other policies. This depicts that people are more concerned about their health and well being of the family than other things.

Level of influence of financial stress on insurance policy by respondents.

Table 4

	Extremely influential	Very influential	Somewhat influential	Slightly influential	Not at all influential	Total weighted score	TW/15	Rank
Job	27	43	28	2	0	395	26.3	1

security concern								
Stock market fluctuations	14	23	44	9	10	322	21.47	5
Declining retirement savings	9	39	37	9	6	336	22.4	3

Access of emergency funds	13	36	28	12	11	328	21.86	4
Increased medical bills	28	45	19	5	3	390	26	2

Source: Primary data (Calculation on appendix 1)

Table shows the level of influence of financial stress on respondents in taking insurance policy during the pandemic. It shows that job security concern is the major influential factor for choosing insurance policy by the respondents during the pandemic. The second and third influencing factor is increased medical bills and reduced retirement savings. Some were influenced by the access of emergency funds and least of them were influenced by stock market fluctuations.

Awareness on the benefits of insurance policies during the pandemic Table 5

	Extremely aware	Moderately aware	Somewhat aware	Slightly aware	Not at all aware	Total weighted score	TW/15	Rank
Installment premium	5	29	32	23	11	294	19.6	5
Coverage for telemedicine	13	17	38	27	5	306	20.4	3
Covid health plans	19	32	28	13	8	341	22.73	1
Withdrawal of long-term motor insurance plans	12	25	33	6	24	295	19.7	4
Digital signature	22	35	9	18	16	329	21.9	2

Source: Primary data (Calculation on appendix1)

Table 5 shows the awareness level of respondents towards the benefits brought by insurance policy during covid-19. Majority of the respondents are aware of new covid health plans brought by insurance company. Second and third level of awareness goes to digital signature and coverage for telemedicine. Some are aware of the withdrawal plans of motor insurance. Least of the respondents are aware of the concept of installment premium. From this we can interpret that awareness level has a significant role in increased health insurance policies.

Response regarding insurance related difficulties faced by the respondents Table 6

Particulars	Respondents	Percentage
Risk of loss	17	25
Inefficient claim settlement	11	16.17
Inability to pay insurance premium	26	38.2

Lack of online facility	22	32.3
Unaware of new policies	20	29.4
Total	68	100

Source: Primary data

Table 6 shows respondents who have faced some difficulties during covid related to insurance. Out of 68 respondents having insurance policy majority of them faced difficulty in paying insurance premium i.e., 38.2%. 32.3% faced difficulty of lacking online facility. 29.4% faced difficulty of being unaware of new policies. 25% faced difficulty of risk exposure and 16.17% faced difficulty with inefficient claim settlement.

Agreement on reasons for opting insurance during the pandemic Table 7

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total weighted	TW/15	Rank
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						score		
Tax and other benefits	12	37	44	6	1	353	23.53	4
Reduce financial instability	10	42	41	7	0	355	23.67	3
Generation of income	10	26	51	10	3	330	22	5
Health coverage	26	45	28	1	0	396	26.4	1
Protection against uncertainties	21	49	29	1	0	390	26	2

Source: Primary data

Table 7 shows the level of agreement of respondents on the reasons for choosing insurance policy. Majority of them consider health coverage as the main reason for choosing insurance. Second and third reasons are protection against uncertainties and reducing financial instability. Some consider insurance for tax saving purpose whereas least prefers income generation as a reason for opting insurance. From this it is obvious that people have become more concerned about the health and life of them and their family.

Satisfaction regarding insurance policies Table 8

	Very satisfied	Satisfied	Neutral	Dissatisfied	Very dissatisfied	Total weighted score	TW/15	Rank
Financial security	13	53	32	1	1	376	25.07	3

Transfer of risk	15	45	36	4	0	371	24.73	4
Medical emergency	21	46	31	1	1	385	25.67	2
Extra income generation	14	24	53	6	3	340	22.67	6
Protection of family	25	46	29	0	0	396	26.4	1
Peace of mind	14	42	40	1	3	363	24.2	5

Source: Primary data

Table 8 shows the satisfaction of respondents with the insurance. Most of them are satisfied with the fact that insurance protect their family. Second and third satisfaction factor is medical emergency and financial security. Some are satisfied with risk transfer and some are satisfied with peace of mind. Least of them are satisfied with the fact that insurance generate extra income. From this it is obvious that insurance provide protection, medical emergency and financial security during the pandemic.

Testing of Hypothesis-1

H0: There is no significant relationship between gender and preference of respondents in choosing insurance policy during covid-19.

H1: There is significant relation between gender and preference of respondents in choosing insurance policy during covid-19.

To test this hypothesis chi square test is applied.

Interrelation between gender and preference of respondents Table 9

Gender	Results			Row total
	Health insurance	Life insurance	Motor insurance	
Male	17	22	10	49
Female	31	12	8	51
Column total	48	34	18	100

Source: Primary data

Result of chi-square test

Table value	5.991
Calculated value	7.2096
Degree of freedom	2
Level of significance	0.05
Result	Rejected

Degree of freedom = 2 Level of significance = 0.05

Table value at 0.05 level of significance and 2 degree of freedom is 5.991

Since calculated value (7.2096) is greater than table value (5.991), we reject the null hypothesis.

Therefore, there is significant relation between gender and preference of respondents in choosing insurance policy during covid-19.

Testing of Hypothesis-2

H0: There is no significant relationship between age and financial stress faced by respondents during covid-19.

H1: There is significant relationship between age and financial stress faced by respondents during covid-19.

To test this hypothesis ANOVA is applied.

Interrelation between age and agreement of respondents on protection of insurance policy during covid-19

Table 10

Opinion	Age					Total
	Below 25	26-35	36-45	46-55	Above 55	
Strongly agree	9	3	1	0	0	13
Agree	19	7	4	11	6	47
Neutral	17	8	2	3	3	33
Disagree	2	0	1	2	1	6
Strongly disagree	1	0	0	0	0	1
Total	48	18	8	16	10	100

Source: Primary data

Result of ANOVA

Table value	2.87
Calculated value	2.39
Degree of freedom	(4,20)
Level of significance	0.05
Result	Accepted

Degree of freedom = (4,20) Level of significance = 0.05

Table value at 0.05 level of significance and (4,20) degree of freedom is 2.87

Since calculated F value (2.39) is less than table value (2.87), we accept the null hypothesis.

Therefore, there is no significant relationship between age and financial stress faced by respondents during covid-19.

II. Findings

1. Among 100 respondents 51% are female and 49% are male.
2. Majority of the respondents belongs to the age group of below 25.
3. Majority of the respondents are private employees.
4. Majority of respondent's annual income level are below 50000.
5. Majority of respondents have a savings of 1-5 percentage.
6. Among 100 respondents 62% of respondent's savings are affected.
7. Majority of the respondents have taken insurance policy before covid-19.
8. Majority of the respondents took life insurance before covid-19.
9. Health insurance was the least opted insurance policy before covid-19.
10. Half of the respondents have taken motor insurance before covid-19.
11. Majority of the respondents hadn't taken insurance policy during the covid-19.
12. Among 44 respondents who have insurance policy most of them prefer health insurance than life insurance and least preferred motor insurance.
13. Percentage of health insurance were increased during covid whereas life insurance were decreased by small percentage and motor insurance showed a downward trend.
14. Majority of the respondents agree that insurance protect them at the time of uncertainties.
15. Half of the respondent's investment patterns were affected during covid-19.
16. Most of the respondents agree that insurance is a good investment.
17. Nearly half of the respondents faced financial stress during covid-19.
18. Majority of the respondents were influenced to insurance policy due to their job security concerns.
19. Majority of the respondents were aware of new covid health plans during the pandemic.
20. Most of the respondents haven't faced many difficulties during covid-19 as they were insured.
21. Majority of the respondents with insurance policy were faced with the difficulty to pay premium.
22. Majority of the respondents agree that health coverage is the main reason for opting insurance during covid-19.
23. Majority of the respondents were informed by agents about new policies.
24. Most of them regard insurance as a necessity.
25. Majority of the respondents are satisfied with the protection provided by insurance during uncertainties.

Suggestions

Bridging the gap between the declining sales and revamping the outlook of risk managers should be the top priorities of the agenda.

Insurers must deploy disruptive technologies to reinvest their core for mitigating both short and long term impacts of the pandemic.

More customers can be gained by providing awareness on latest changes and benefits of insurance policy.

Take remedial measures to tackle the problems faced by the policyholders during this difficult time.

Take measures to improve the faith and trust of policyholders towards insurance policy by reassuring them.

Since all are going through a difficult time insurance industry should try to help policyholders to face and to develop capabilities to tackle this situation.

Provide more flexible insurance policies to normal people.

III. Conclusions

The spread of covid-19 pandemic has impacted lives of many people in many ways. But with insurance one does not need to worry about the hospitalization cost as it is easier to avail treatment. According to the study most of them prefer health and protection of the family as the main criteria for investing in insurance policies and are satisfied with it. It is concluded that policyholders give more priority to their health and life over other things which resulted in the growth of insurance sector. It also changed the perception and attitude of consumers towards insurance.

The covid-19 pandemic has posed a sudden and unexpected shock to the insurance industry. Even though insurance companies are improvising and launching custom made plans to cater to the needs of the customers which are the need of the hour.

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