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## IMPACT OF COVID-19 PANDEMIC ON LIFE INSURANCE BUSINESS IN INDIA

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**Abstract:** The COVID-19 Crisis has established astonishing encounters for businesses across the sphere. Indian Life Insurance Business seems to be no different. They have been through Roller coaster ride too. 2018-19 was promising there was Dip in New Business for the year 2019-2020, Industry seems to be back in the game in the financial year 2020-2021. Companies endured the crisis in good health and are now relishing a heady recover. The underlying study focuses on understanding the trend of New business during this pandemic situation for the life insurance companies in India. Here we are going to study new Business figures for the Period 2018-2019 ,2019-2020 and 2020-2021 to understand the trend in the new Business, we are going to compare the new business data for all the life Insurance Companies in India do a comparison and analyze it. Due to the pandemic, many now consider insurance to be a necessary safeguard against unforeseen circumstances. So, while life insurance may still be some way from a pull product, it has achieved the status of a nudge product. Also, life insurance companies have been quick to adapt to the synero and have introduced specific covers for pandemics, policies tailor-made to customer expectations and requirements, digital access to services.

**Keywords:** Life Insurance, Pandemic, New Business, new product, digital media

**摘要 :** COVID-19 危机为整个领域的企业带来了惊人的遭遇。印度人寿保险业务似乎没有什么不同。他们也经历过过山车。2018-19 年充满希望, 2019-2020 年的新业务出现下滑, 行业似乎在 2020-2021 财年重返游戏。公司在健康状况下度过了危机, 现在正在享受令人振奋的复苏。基础研究的重点是了解印度人寿保险公司在这种大流行情况下的新业务趋势。在这里, 我们将研究 2018-2019 年、2019-2020 年和 2020-2021 年期间的的新业务数据以了解新业务的趋势, 我们将比较印度所有人寿保险公司的新业务数据进行比较和分析。由于大流行, 许多人现在认为保险是应对不可预见情况的必要保障。因此, 虽然人寿保险可能离拉动产品还有

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一段距离，但它已经达到了助推产品的地位。此外，人寿保险公司已经迅速适应了 Synero，并推出了针对流行病的特定保险、根据客户期望和要求量身定制的政策、对服务的数字访。

关键词：人寿保险、疫情、新业务、新产品、数字媒体

**Introduction:** Covid -19 has not spared any Business; The Life Insurance industry has also faced its share of Impact. Industry has been through Roller coaster ride too. 2018-19 was promising there was Dip in New Business for the year 2019-2020, Industry seems to be back in the game in the financial year 2020-2021. There has been change in the Mindset of the people their approach in the Life insurance products. Insurance product are treated as pull product , with the growing importance of life protection in people , importance of pure risk product is increasing, spending on insurance products are categorized as essential spending in households, customers are moving towards digital ways, online transactions to do there transaction and to avoid contact with any agents or sales team Companies who milks this opportunity will have its position in the market , the Industry also needs to response to Covid -19 with making necessary alterations like Increase its IT Budget and work on digitalization of the process, Customers could complete every stage of the sales process online, from discovery of information to advice and purchase. Have product Innovation considering the pandemic situation , introducing some rider to protect individuals during this pandemic crisis In this paper we have referred IRDA new Business report for the year 2018-19, 2019-20, 2020-21, did a comparative study to understand the trend of the business, before and during covid-19. we are going to compare the new business data for all the life Insurance Companies in India do comparison and present it.

### **Literature Review:**

In 2019, Deloitte identified a number of trends that were to define insurance in 2020 and beyond in there paper "Impact of COVID-19 on the Insurance Sector " 7 trends are as follow 1) Changing customer behaviour: In an age of immediacy, constant change and overwhelming choice where loyalty is no longer a given, the industry has to extend beyond its core products and services if it is to retain its customer base .2) Growth through the negotiating table:- The question is how the industry use will M&A, equity partnerships and alliances to drive growth. 3)Digital disruption: IT budgets are starting to shift away from core applications toward analytics, artificial intelligence and other advanced functionality to enable more flexible products and enhanced customer experience. 4) Synthesis challenge:- integrating innovation in technology, talent, and business models into change-resistant legacy environments – may be the biggest success factor for the industry in the decade ahead. 5) Maintaining and growing profits: - insurers are looking at service-based strategies and innovative products.

In Feb 2021, Arthur D. Little has published paper” A bright future for life insurance in India in a post-pandemic world” In the paper it highlights the changes in the customers mindset 1) Life insurance is now viewed as a pure risk cover 2) Life insurance is now viewed as a pure risk cover.3) Customers are demanding product innovation and customization 4) Customers are driving digital adoption in the industry and to fully capture the opportunity created by a

changed customer mindset, we believe that CEOs need to focus on the following transformation agenda: n Pursue product innovation. n Invest in digital access and mechanisms across the entire value chain. n Ensure Agile teams and dynamic work processes. n Reskill staff. n Explore complementary and value-added services (e.g., hospital tie-ups, online consultations, pharmacy discounts)

Report Published By KPMG in 2020 “Implications of COVID-19 for Insurers” by Laura J Hay, Global Head of Insurance, KPMG International. Paper highlights KPMG's Six Pillars of Customer Experience -These are: 1) Integrity: doing the right thing, being seen to act fairly and in the customer's best interests 2) Resolution: responding to needs and finding solutions 3) Expectations: setting, managing and meeting expectations 4) Time and Effort: making it easy for customers to access information and get essentials 5) Personalization: understanding the customer's individual circumstances 6) Empathy: showing that you care, choosing the right emotional response. The two Pillars that are most important to specifically address in these uncertain times are Integrity and Empathy. However, COVID-19 might just prove to be the catalyst for innovation in insurance, unlocking greater levels of customer experience and personalization that has long been overdue.

**Research Methodology:** Study is based on secondary data. Information collected is aggregate performance of private and public insurance companies in India. Information is collected for last four years. Information collected from 2017-18 to 2020-21. Study includes data for 2017-18 and 2018-19 are considered as normal years in terms of pandemic.

While years 2019-20 and 2020-21 are years having impact of Covid-19 pandemic. Study will reveal impact of pandemic on performance in insurance sector in terms of number of policies and sum assured.

#### **Objectives of study:**

1. To study change in **number of life insurance policies** in last four years due to Covi-19 pandemic.
2. To study change in **Sum Assured of life insurance policies** in last four years due to Covi-19 pandemic.

**Data Analysis:** For analysis of data information collected for last four years. Information consists of five categories. These five categories are as follows.

1. Individual Single Premium
2. Individual Non-Single Premium
3. Group Single Premium
4. Group Non-Single Premium
5. Group Yearly Renewable Premium

Data is inclusive of 23 private insurance companies and only one public insurance company.

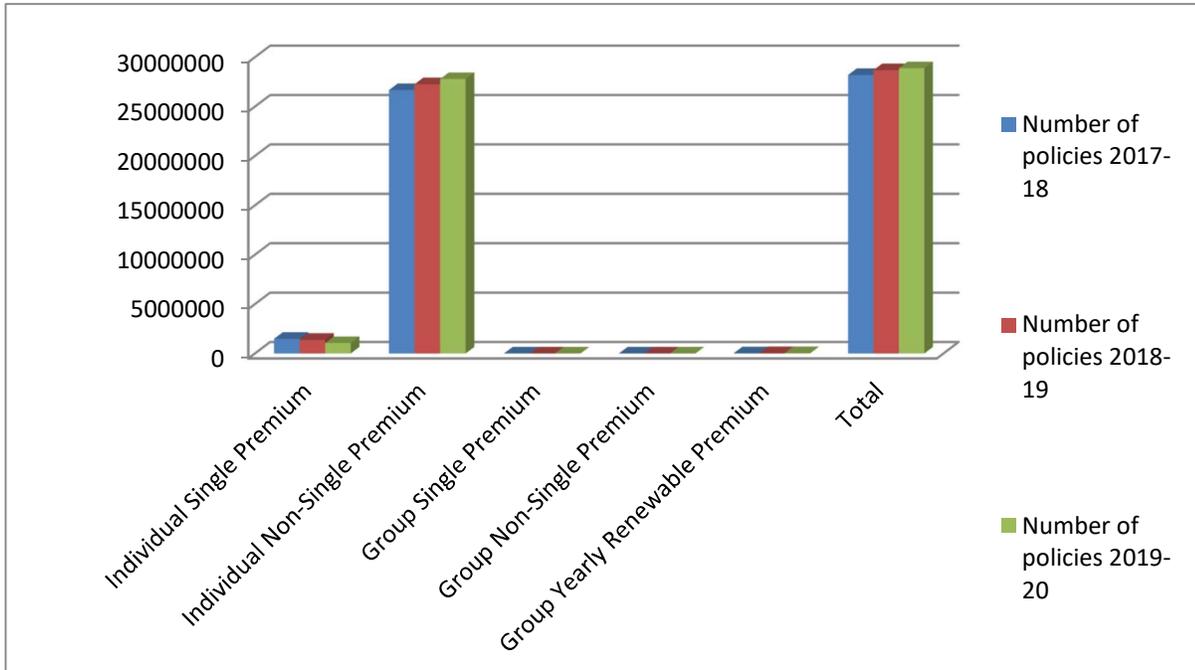
#### **Analysis of Number of Policies:**

Information in terms of absolute number of policies of five categories of products and for four years is presented in the following table.

| Type of insurance product     | Number of policies |                  |                  |                  |
|-------------------------------|--------------------|------------------|------------------|------------------|
|                               | 2017-18            | 2018-19          | 2019-20          | 2020-21          |
| Individual Single Premium     | 149<br>047<br>9    | 138<br>748<br>7  | 105<br>767<br>9  | 120<br>588<br>9  |
| Individual Non-Single Premium | 266<br>736<br>58   | 272<br>637<br>29 | 277<br>920<br>33 | 269<br>224<br>20 |

|                          |     |     |     |     |
|--------------------------|-----|-----|-----|-----|
| Group Single Premium     | 154 | 172 | 315 | 154 |
|                          | 7   | 9   | 1   | 7   |
| Group Non-Single Premium | 439 | 378 | 289 | 871 |
|                          | 8   | 2   | 6   | 5   |

|                                |     |     |     |     |
|--------------------------------|-----|-----|-----|-----|
| Group Yearly Renewable Premium | 286 | 310 | 308 | 289 |
|                                | 96  | 85  | 10  | 42  |
| Total                          | 281 | 286 | 288 | 281 |
|                                | 987 | 878 | 865 | 675 |
|                                | 78  | 12  | 69  | 13  |



Above table & Graph indicate that there is decline in number of policies from 2017-18 to 2019-20 for ‘Individual Single Premium’ policies. There is increase in 2020-21 for the same product.

Regarding ‘Individual Non-Single Premium’ number of policies were increasing from 2017-18 to 2019-20. Same product registered decline in 2020-21.

Information related ‘Group Single Premium’ reveal that number of policies are in were increasing from 2017-18 to 2019-20. In a span of two years, number of policies recorded was more than double. This was significant growth in terms

of number of policies. But in 2020-21 there was significant decline for the same product.

Table also indicates that for ‘Group Non-Single Premium’ number of policies were increasing from 2017-18 to 2019-20. But the product registered decline in 2020-21.

For ‘Group Yearly Renewable Premium’ there is increase in number of polices in 2018-19 but thereafter there was decline in 2020-21.

For better understanding year on year (YOY) percentage changes are calculated and presented in the following table.

| Type of insurance product      | Percentage change if Number of policies (YOY) |         |         |
|--------------------------------|---|---------|---------|
|                                | 2018-19                                       | 2019-20 | 2020-21 |
| Individual Single Premium      | -6.91   | -23.77  | 14.01   |
| Individual Non-Single Premium  | 2.21  | 1.94    | -3.13   |
| Group Single Premium           | 11.76   | 82.24   | -50.90  |
| Group Non-Single Premium       | -14.01  | -23.43  | 200.93  |
| Group Yearly Renewable Premium | 8.33  | -0.88   | -6.06   |
| Total                          | 1.73  | 0.69    | -2.49   |

From above table prominent changes are follows.

1. There is considerable decline in 2019-20 for 'Individual Single Premium' and also for 'Group Non-Single Premium'. For 'Group Single Premium' there is considerable increase of 82.24%.

2. Table of percentage change also indicate that for the year 2020-21, 'Group Single Premium'

policies decline by 50.90%. During the year for 'Group Non-Single Premium' recorded significant growth of 200.93%.

Descriptive statistics is obtained to check

| Descriptive Statistics |   |                            |
|------------------------|---|----------------------------|
|                        | N | Mean of number of policies |
| Policies_2017_18       | 5 | 5639756                    |
| Policies_2018_19       | 5 | 5737562                    |
| Policies_2019_20       | 5 | 5777314                    |
| Policies_2020_21       | 5 | 5633503                    |

Above table indicate that average number of policies are increasing from 2017-18 to 2019-20. There is decrease in number of policies in 2020-21.

Null Hypothesis  $H_{01}$ : There is no significant impact of covid-19 pandemic on number of life insurance policies issued.

Alternate Hypothesis  $H_{11}$ : There is significant impact of covid-19 pandemic on number of life insurance policies issued.

To test above null hypothesis pair T-test is applied. Results are as follows.

| Paired Samples Test |                                      |   | Paired Differences |                | t     | df | p-value |
|---------------------|--------------------------------------|---|--------------------|----------------|-------|----|---------|
|                     |                                      |   | Mean               | Std. Deviation |       |    |         |
| Pair 1              | Policies_2017_18<br>Policies_2018_19 | - | -97806.80          | 278821.80975   | -.784 | 4  | .477    |
| Pair 2              | Policies_2018_19<br>Policies_2019_20 | - | -39751.40          | 308212.77025   | -.288 | 4  | .787    |
| Pair 3              | Policies_2019_20<br>Policies_2020_21 | - | 143811.20          | 410738.53929   | .783  | 4  | .477    |

Above results indicate that p-values for all three pairs are more than 0.05. Therefore T-test is accepted. Hence null hypothesis is accepted and alternate hypothesis is rejected.

Conclusion is there is no significant impact of covid-19 pandemic on number of life insurance policies issued in insurance sector.

**Analysis of ‘Sum Assured’:**

| Type of insurance product      | Sum Assured (Rs.Crore)               |                                      |                                      |                                      |
|--------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|
|                                | 2017-18                              | 2018-19                              | 2019-20                              | 2020-21                              |
| Individual Single Premium      | 426<br>76                            | 354<br>37                            | 297<br>35                            | 413<br>32                            |
| Individual Non-Single Premium  | 139<br>594<br>0                      | 171<br>421<br>3                      | 196<br>476<br>5                      | 197<br>000<br>9                      |
| Group Single Premium           | 588<br>761                           | 888<br>067                           | 107<br>528<br>3                      | 974<br>783                           |
| Group Non-Single Premium       | 225<br>888                           | 125<br>728                           | 819<br>57                            | 127<br>844                           |
| Group Yearly Renewable Premium | 162<br>890<br>6                      | 157<br>009<br>6                      | 167<br>398<br>4                      | 182<br>685<br>3                      |
| <b>Total</b>                   | <b>388</b><br><b>217</b><br><b>1</b> | <b>433</b><br><b>354</b><br><b>1</b> | <b>482</b><br><b>572</b><br><b>4</b> | <b>494</b><br><b>082</b><br><b>1</b> |

Above table indicate that there is decline in sum assured from 2017-18 to 2019-20 for ‘Individual Single Premium’ polices. There is an increase in 2020-21 for the same product.

Regarding ‘Individual Non-Single Premium’ sum assured is increased from 2017-18 to 2020-21.

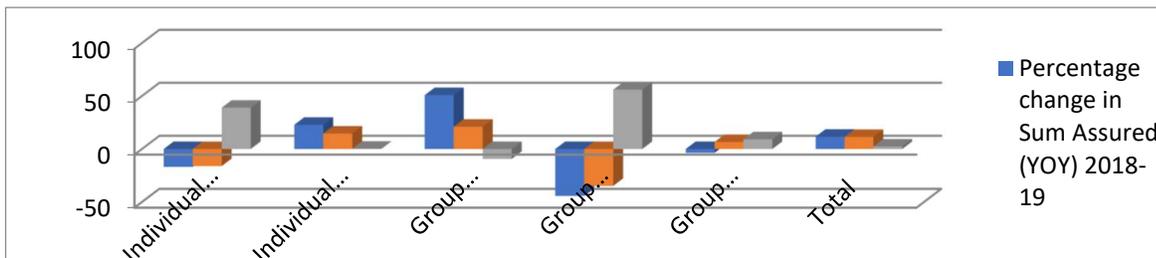
Information related ‘Group Single Premium’ reveal that sum assured is increasing from 2017-

18 to 2019-20. In a span of two years, sum assured was recorded more than double. This was significant growth in terms of sum assured. But in 2020-21 there is a decline for the same product.

Table also indicates that for ‘Group Non-Single Premium sum assured is decreasing from 2017-18 to 2019-20. But the product registered rise in sum assured in 2020-21.

For ‘Group Yearly Renewable Premium’ there is decline in sum assured in 2018-19 but thereafter there was rise in till 2020-21.

| Type of insurance product      | Percentage change in Sum Assured (YOY) |         |         |
|--------------------------------|--|---------|---------|
|                                | 2018-19                                | 2019-20 | 2020-21 |
| Individual Single Premium      | -16.96                                 | -16.09  | 39.00   |
| Individual Non-Single Premium  | 22.80                                  | 14.62   | 0.27    |
| Group Single Premium           | 50.84                                  | 21.08   | -9.35   |
| Group Non-Single Premium       | -44.34                                 | -34.81  | 55.99   |
| Group Yearly Renewable Premium | -3.61                                  | 6.62    | 9.13    |
| Total                          | 11.63                                  | 11.36   | 2.39    |



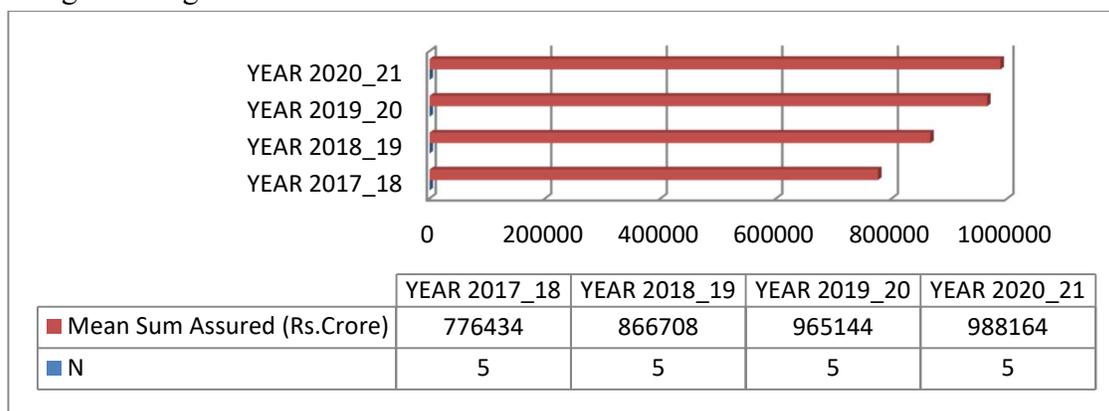
From above table & Graph prominent changes are follows.

1. There is considerable decline in 2019-20 for ‘Individual Single Premium’ and also for ‘Group Non-Single Premium’ in case of sum assured . In

case of 'Group Single Premium' product sum assured is considerable increased

2. Table of percentage change also indicate that for the year 2020-21, 'Individual Single Premium' sum assured is increased by 39% where as 'Group Single Premium' sum assured is decline by 9.35%%. During the year for 'Group Non-Single Premium's sum assured is recorded significant growth of 55.99%.

| Descriptive Statistics |   |                             |
|------------------------|---|-----------------------------|
| Year                   | N | Mean Sum Assured (Rs.Crore) |
| YEAR 2017_18           | 5 | 776434                      |
| YEAR 2018_19           | 5 | 866708                      |
| YEAR 2019_20           | 5 | 965144                      |
| YEAR 2020_21           | 5 | 988164                      |



Null Hypothesis  $H_{02}$ : There is no significant impact of covid-19 pandemic on 'Sum Assured' of life insurance policies.

Alternate Hypothesis  $H_{12}$ : There significant impact of covid-19 pandemic on 'Sum Assured' of life insurance policies.

To test above null hypothesis pair T-test is applied. Results are as follows.

| Paired Samples Test |                             | Paired Differences |                | t     | df | Sig. (2-tailed) |
|---------------------|-----------------------------|--------------------|----------------|-------|----|-----------------|
|                     |                             | Diff of Mean       | Std. Deviation |       |    |                 |
| Pair 1              | YEAR 2017_18 - YEAR 2018_19 | -90274.00          | 202285.59      | -.998 | 4  | .375            |
| Pair 2              | YEAR 2018_19 - YEAR 2019_20 | -98436.60          | 124617.85      | -1.76 | 4  | .152            |
| Pair 3              | YEAR 2019_20 - YEAR 2020_21 | -23019.40          | 90949.60       | -.566 | 4  | .602            |

Above results indicate that p-values for all three pairs are more than 0.05. Therefore T-test is accepted. Hence null hypothesis is accepted and alternate hypothesis is rejected.

Conclusion is there is no significant impact of covid-19 pandemic on 'Sum Assured' of life insurance policies.

**Findings and Discussing:**

It is very clear from the results that there is significant impact in terms of number of policies in life insurance sector. Out of five types of product, there are 2 or 3 products in which there was decline but at the same time number of policies for other product increased significantly. Conclusion is there is no negative impact of covid-19 pandemic.

In spite of number of policies may show variation but sum assured is continuously increasing. This is positive indication in covid-19 pandemic situation. For insurance sector only volume is not important but revenue growth is also important. Results indicate that there is increase in 'Sum Assured' for every year as compare to previous year.

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