



INTERNATIONAL JOURNAL OF MULTIDISCIPLINARY RESEARCH

IN SCIENCE, ENGINEERING, TECHNOLOGY AND MANAGEMENT

Volume 9, Issue 3, March 2022



INTERNATIONAL
STANDARD
SERIAL
NUMBER
INDIA

Impact Factor: 7.580



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Effect of Life Insurance Policy Premium in Before and After of Covid

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ABSTRACT: The ongoing pandemic had affected crores of people around the world and disrupted lives everywhere. A highly contagious viral disease, COVID-19 has become the biggest health concern for governments all around the world, and rightly so. People affected by COVID-19 had markedly different experiences. Some individuals only display mild symptoms of the common cold and can be treated with relative ease. Others require immediate hospitalisation as they start developing serious respiratory problems which can lead to the failure of multiple organs. In either case, individuals who test positive for COVID-19 not only need medical care but also adequate emotional support from their loved ones. As for monetary backing, health insurance plans could help cover the costs of treatment while term insurance plans can act as a backup and help the insured's family cope with the financial implications in case of an unfortunate death due to COVID-19. Since the emergence of the coronavirus disease in 2019 (COVID-19), the world has come to a standstill, forcing governments to impose lockdowns and people to confine themselves to their homes. The pandemic-declared COVID-19 has resulted in a health crisis, destroying healthcare infrastructure and economies worldwide. It is the third recorded outbreak of a coronavirus, after SARS in 2002 and MERS in 2012 which limited their havoc to specific regions. Till now, the virus has infected more than 147 million people and claimed more than 3 million lives. Today, India ranks among the top three countries which have been hit worst by Covid-19. This health crisis has resulted in high inflation, especially medical inflation, and unemployment in the country.

KEYWORDS: pandemic, COVID, health insurance, medical inflation, unemployment, monetary backing

I. INTRODUCTION

One of the biggest challenges of COVID-19 is its huge treatment cost which can take a toll on the finances and mental well-being of different sections of society, especially the poor and the middle-class. The growth reflects that now more and more people are starting to consider a health insurance plan as essential as other necessities for survival, in a country where insurance penetration stood below 4% in the pre-covid times. Over the past year, we saw a steep upward trend in the sale of comprehensive health insurance plans. During the pre-covid times, the number of people who purchased comprehensive insurance plans was approximately 32%, while now after being hit by one of the biggest pandemics, this percentage has shot up to 55%. The data shows that COVID-19 has increased consciousness circling the importance of preventive health insurance in the country.¹

One of the key reasons for the increase in the sales of health insurance plans is the fact that all health insurance providers were mandatorily made to provide coverage for COVID-19 treatment under their regular health insurance plan by the Insurance Regulatory and Development Authority of India (IRDAI). In July 2020,² the IRDAI also made it mandatory for insurance companies to offer COVID-19 specific short-term health insurance plans namely Corona Kavach Plan and Corona Rakshak Plan. These two plans were specially designed to help policyholders meet the healthcare cost incurred due to the coronavirus disease. The regulator had also earlier in the year launched a Standard Health Insurance Product (SHIP) by the name Arogya Sanjeevani Policy to help people enjoy a standard and comprehensive health insurance³ coverage. All these steps by the IRDAI contributed positively to the health



insurance well-being of the policyholders by keeping them insured against medical contingencies during these tough times. In a nutshell, the COVID-19 pandemic has made us all realise the importance of health and health insurance plans. It has made us come to terms with the fact that how crucial it is to remain financially shielded as emergencies, especially medical emergencies, come without a warning sign and can result in a financial strain along with emotional grief. However, while purchasing a health insurance plan it is also important to check the coverage of the plan.⁴

You must check if your plan provides enough coverage for pre and post hospitalisation, inpatient and outpatient hospitalisation, annual health check-ups, or for any specific disease against which you wish to remain shielded. You can also enhance the coverage of the plan with the help of various rider options like critical illness cover, maternity cover, OPD cover, room rent waiver cover, etc., and customise the plan as per your exact requirements. A COVID-19 term insurance plan is essentially a traditional insurance plan that provides additional financial cover against death due to COVID-19.⁵ Generally, term plans only provide death benefits 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. For instance, ICICI Pru iProtect Smart is a term insurance plan that covers COVID-19 related deaths*. Of late, the entire world has been reeling under the drastic impacts of the COVID-19 outbreak. As of December 2020, it is estimated that nearly 18 lakh lives have already been lost to COVID-19¹. At a time like this, the importance of life insurance has once again come to the forefront. A COVID-19 term insurance plan is the need of the hour as it provides financial coverage against death due to COVID-19. In case of a COVID-19 related death, the insured's chosen beneficiary can make a claim and is liable to receive the sum assured as a death benefit. The Insurance Regulatory and Development Authority of India (IRDAI) has even directed insurance companies to prioritise and expedite insurance claims pertaining to COVID-19.⁶

Ultimately, a term insurance plan with COVID-19 life cover* is one of the most cost-effective ways of preparing for any unforeseen eventualities and securing your family's future in the wake of this ongoing pandemic. IRDAI recently issued circulars directing insurance providers in India to develop term insurance plans that provide financial coverage against death due to COVID-19. As a result, almost all reputed insurance companies are now offering term insurance plans that also provide a COVID-19 life cover*.⁷

To buy a COVID-19 term insurance plan, follow these steps:

Step 1: Visit your preferred insurance provider's website and find the plan you are interested in.
Step 2: Apart from a COVID-19 insurance cover, check the features and benefits of your chosen plan. If you find the plan satisfactory, use the term insurance premium calculator and calculate your premium amount.⁸
Step 3: Fill in your personal information and other required details.
Step 4: Finally, make your first premium payment and you will have successfully bought an insurance plan that protects your family from a COVID-19 related eventuality.

There is no doubt that COVID-19 is a serious pandemic that you need to protect yourself and your family from. While following social distancing and sanitisation guidelines is your first line of defence against the disease, a COVID-19 term insurance plan should definitely serve as your final backup.⁹

II. DISCUSSION

The COVID times have changed many things. It has changed the way we work, the way we spend leisure hours, our daily routine; it has given us the opportunity to appreciate the smaller things in life and pick up new hobbies. But most importantly it made us more conscious about our health and wellbeing. Recently Max Bupa health insurance, one of India's biggest health insurance companies, conducted a survey to determine whether there has been any mindset changes among people after the outbreak of COVID 19¹⁰. The reports show amazing differences between how people thought before and after the pandemic. It shows increased awareness about unknown diseases, more



millennials and women coming forward to enquire and buy health insurance policies and other trends. So read on to find out how perception about health insurance has changed in the recent times. And how different or similar these perceptions are across age, gender and state. Since the outbreak of coronavirus, there has been a sharp increase in the number of millennials¹¹ coming forward to enquire and buy a comprehensive insurance, i.e. policies covering treatment/ailment that are usually not covered in regular health plans, that covers new diseases. In pre-COVID times the percentage of buyers and intenders for comprehensive plans were 32% and 41% respectively.¹² In the last few months, the demand for such plans saw a significant increase with the percentage of buyers and intenders going up to 55% and 60%. COVID 19 was the wake up call for many. The increase in the number of policy takers and intenders among the millennials for a comprehensive insurance is a clear sign of rising awareness about such a plan and importance of having it. Even before the coronavirus outbreak, the demand for comprehensive coverage was more amongst women than men. Pre-COVID, if 33% men opted for comprehensive insurance, the demand for the same was 45% among the women, as per the Max Bupa survey.¹³

Now the awareness about comprehensive insurance among men saw a 20% spike with overall 53% showing interest in the post-COVID times. But in comparison to women, the number is still low. In the last few months, the overall demand for a comprehensive plan among women has increased from 45% to 63%. Before the pandemic, the biggest concern in people's mind was increase in personal health/well-being expenses. At least 70% of people thought that way. A common thought that often crossed people's mind was, considering medical inflation, how will I arrange for money if someone from my family or I fall seriously ill and need to be hospitalized.¹⁴

But, this thought process has changed significantly since the outbreak of coronavirus. Today, 54% of people are concerned about keeping their family safe from the disease. Meanwhile, 50% of the people are concerned about going out of work or loss of income due to the lockdown. While it is true that today the overall life expectancy has increased significantly due to advancements in medical science, it is also a fact that the number of diseases affecting us today are also on the rise. For example, H1N1, Sars virus, Mers virus and most recently COVID -19. Being a pandemic, COVID-19 has left us shaken changing our priorities forever. The pandemic has also changed the way people choose which health insurance policy to buy. In recent times, there has been a preference shift from policy that spreads awareness to policy the rewards you for being aware. In fact before the coronavirus outbreak, 41% people and 46% insurance owners preferred health insurance policies which would arrange talks, walkathon that would make them more aware about health and wellness. However, there is a major shift in policy preferences, with more 49% of the overall population and 57% health insurance policyholders showing their preferences for rewarding policies. The facts were stated by the Max Bupa survey. Since the outbreak of COVID 19, people are now constantly reading and gaining information about health and wellness and are much more aware than earlier, which is a positive sign. Hence, they are preferring the health insurance policies that reward them for being healthy or being more aware.¹⁵

III.RESULTS

While someone bought a health policy, though the coverage for new diseases, like coronavirus, was enquired about, it was never the top most query. People asked about the coverage for all possible diseases, especially diseases like diabetes, heart ailment, cancer etc which are often hereditary and run in the family. This was before the pandemic outbreak. The percentage of people looking for policy that pays for unknown illnesses (before COVID) was 50% for the overall population, 49% for insurance policyholders¹⁶, 52% among the intenders, 46% and 57% among men and women respectively. The reality changed after the outbreak of coronavirus, and the topmost question that is most asked today is whether the policy covers COVID and other unknown diseases. The percentage of such queries is 58% for the overall population, 65% for insurance policyholders, 60% among the intenders, 58% and 69% among men and women respectively. In fact, the queries regarding coverage for COVID now are much higher than the top most queries, i.e. whether the health insurance policy pays for all illness, in the pre-COVID times. Medical inflation and rising cost of treatment has become a major concern for all of us. But the magnitude of this concern is different citywise.¹⁷ The Max Bupa survey revealed, in Lucknow, 95% of the millennials are worried about this thought, on the contrary only 51% of Delhi youngsters are concerned about the same. Buying health insurance policy is the only



way to find a solution, it covers the medical expenses if you or any of your family members are taken ill. Raising awareness about the importance of having health insurance is important in cities like Lucknow, where health insurance penetration is low. Before the outbreak of COVID 19, if 86% of people bought health insurance for critical illness and 53% for all ailment, only 39% bought it to guard against unknown diseases like COVID 19. In fact, even though India is recognised as the capital for heart ailment, only 23% people bought it against heart diseases. Currently, most health insurance policies are bought with the primary focus on the fact whether they cover diseases like COVID 19.¹⁸

In the pre-COVID times, most people decided to buy a health plan depending on how much coverage the plan would be providing. At least, 66% of people took it to be the top most criteria. Another big concern was whether the plan provides a cashless facility. 55% of people thought it to be important. Other important concerns were – illness covered (39%), whether family floater is available (33%), premium amount (30%). Meanwhile, duration of health coverage was the least of the concerns while buying health policy¹⁹. Only 21% thought it to be important. Today, not only the top query regarding health insurance is whether it covers COVID 19 or not, in fact it is the top criteria for purchase of health insurance policy. As much as it is very important for one to know whether it covers an unknown disease like COVID 19, a policy should not be bought solely based on that fact. Your research should be more extensive while buying a health insurance policy. As much as it is important to have a health insurance policy, it is equally important to know what it covers and what its features are²⁰. In that sense people in Delhi are most well informed about important features about their health insurance policies. 81% have the awareness about the importance of having a separate cover for life threatening disease. 93% know about cashless facilities and 78% are aware of room rent eligibility. Meanwhile, for all the three criterias, Bengaluru features in the bottom of the list. This is a classic example of how awareness can reduce our concerns. As per the Max Bupa survey people are not only aware of the importance of having health insurance, they are least worried about rising healthcare expenses. If we join the dots and scrutinize both the parts of the report, then we will realise that these two results are interlinked. Another city that shows remarkable awareness about health insurance and is informed about its different features is Chennai.²¹

IV.CONCLUSIONS

In India, around 400 people have tested positive for this disease so far, out of a total population of over 1 billion. Given this small percentage, it is logical to ask: should you buy a specific coronavirus health cover? Or is an existing health insurance policy good enough? Since COVID-19 is a novel disease, insurance providers have not put in place a specific coronavirus cover. Instead, most providers have included this disease among those they are covering, according to government directives²². Here are some of the standard features of insurance that might prove to be useful if you have been diagnosed by coronavirus.²³ Hospitalisation cover If you are hospitalised due to coronavirus, your insurance provider will provide hospitalisation cover under the plan. Since having CORONAVIRUS may require you to be hospitalised for a few days, all the expenses borne under this will be covered, either on a cashless or reimbursement basis. Post- hospitalisation expenses²⁴ Having a prolonged illness such as the coronavirus could mean that you will have some health problems before you are diagnosed as well as after. Since most insurance providers cover Coronavirus, you can rest assured that any complications arising even after you undergo treatment will be covered under your insurance. Most policies come with a waiting period of 2-3 years before certain diseases are covered. In the case of the novel coronavirus, this is not the case anymore, and you won't need to undergo such a long waiting period. However, some insurance companies do not cover infectious diseases for the first 30 days of the policy, so call your provider to confirm what is included and what isn't.²⁵

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