

Challenges and Its impact on health insurance sector

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Abstract: The pandemic of coronavirus originated from Wuhan in China and now spread to almost all countries outside China which was started last year in December. The pandemic Covid-19 is caused by the severe acute respiratory syndrome coronavirus. The World Health Organization (WHO) declared coronavirus a pandemic and has warned that the worst of Covid-19 is yet to come. The United Nations said the coronavirus pandemic is the worst global crisis since World War II. The U.S., Brazil, India, Russia and Peru are the five most-affected countries in terms of number of confirmed cases. In order to increase awareness of covid-19, we summarise and highlight the challenges and opportunities during coronavirus in health insurance sectors in India. We also give a bird's eye view to covid-19 impact on the health insurance sector in India.

Keywords: coronavirus; covid-19; pandemic; challenges

INTRODUCTION: Since the outbreak of covid-19, its transmission, routes, treatments and outcomes has received much attention. The World health organisation (WHO) on 19 July, 2020 reported that there have been 13,876,441 confirmed cases of COVID-19, including 593,087 deaths globally. On July 19, 2020, 373,379 confirmed active cases, and 26,816 confirmed deaths cases were reported in India. Coronavirus looks like a common cold in most of the people, but certain people get infected and get serious illnesses. Elderly people those above 65 and people who have asthma or who have diabetes, or who have other major diseases, and have weak immunity systems need to take extra care as they are at greater risk. According to a study the bump of coronavirus in India has been slowed due to the eight week lockdown as well as strict public health measures which may arrive in mid- November when a dearth of isolation rooms and ventilators may appear. A sample study of 1067 disable people shows that over 73% of people faced serious difficulties during lockdown (a Report by the National centre for promotion of employment for disabled persons). In India covid infection cases rate are very much lower as compared to the U.S, Russia and the U.K. but the comparable testing rate is much higher in different countries as compared to India. Most countries have reacted with identical measures like social distancing, work from home, stay at home advisories, shut down of non-essential business. In this review article, we discuss the current scenario of the health insurance sector briefly. We further discuss the opportunities and challenges with a special focus on COVID-19.

SCOPE AND OBJECTIVES OF THE STUDY: In the health insurance sector there are a lot of opportunities because of the gap between health insurance coverage and population. Health insurance is taking up arms because of natural disaster, change in lifestyle, so, the scope is immense in this sector. In the light of this thought, the objectives are defined as follows;

- ❖ To study the current scenario of health insurance sector in India.
- ❖ To identify the impact of covid-19 on the health insurance sector in India.
- ❖ To highlight the opportunities and challenges in the health insurance sector post covid-19.

Research Methodology: The present research is mainly based on secondary data collected from reputed journals, articles and the reports of Insurance Regulatory and development authority (IRDAI) and websites.

CONCEPT OF INSURANCE: Insurance is an agreement, represented by a policy, wherein an individual gets monetary assurance or reimbursement against misfortunes from an insurance company. The organization pools customers' dangers to make instalments increasingly reasonable for the protected. Protection approaches are utilized to hedge against the risk of money related mishappenings, that may come from harm to the guaranteed or her property, or from risk for harm or caused to a third party. (Investopedia). Life insurance, general insurance, home insurance, accident insurance, theft insurance and property insurance are types of general insurance (Wikipedia).

Health insurance is a sort of protection inclusion that pays for clinical, medical expenses incurred by the insured. Health insurance can repay the insured for costs brought about from disease or injury. The expense of medical coverage premiums is deductible to the payer, and the advantages got are tax-exempt (investopedia).

Present Scenario of Health Insurance: Health care in India is in a state of transition where the government, as well as private players, is launching several initiatives to make health care initiatives. Total number of health insurance products approved during the financial year 2018-19 is one hundred thirty-four. The health insurance business is classified by the government, Sponsored health insurance, group health insurance, and individual health insurance. The highest share was achieved by group insurance (48%) in terms of premium collection. individual businesses achieved shares (39%) and Govt. Company (13%) in terms of the amount of premium collected. The premium received in 2018-19 FY ₹ 44873 Crore, which was ₹ 20096 in FY 2014-15. (IRDAI, 2019). Health care funding is different in different countries. In higher income countries a large share is funded by the government. Health care funding in India is still out of pocket expenditure.

Players in the Health Insurance Sector:

- ❖ **Public Sector Players:** There are a big number of people covered by public sector players. The public sector insurance is majorly occupied by SBI health Insurance company, national health Insurance company, oriental health Insurance company, new India assurance health Insurance company. Govt. also provides National health Insurance schemes for BPL families like Ayushman Bharat, RSBY, ESIS, AABY, UHI, etc.
- ❖ **Private Sector Players:** Private sector health insurance is occupied by various players like Apollo, bajaj, Manipal Cigna health Insurance company, Religare health insurance etc.
- ❖ **Stand-Alone Players:** According to IRDAI report, the seven Stand-Alone insurers are Apollo Munich Health Insurance, Cigna, Max Bupa Health Insurance, Religare Health Insurance, Star Health Allied Insurance, Aditya Birla Health Insurance etc.

Table 1: Total people Covered by Health Insurance (Excluding personal accident and travel insurance business)

Total People covered by Health Insurance	47.20 Cr.
Number of people covered by the government. sponsored schemes	35.4 Cr.
Number of people covered by group & individual policy	11.8 Cr.

(Source: IRDAI report 2018-19)

Above table shows that the total people covered by health insurance (excluding personal accident and travel insurance business) in FY 2018-19 is 47.20 crore. Three-fourth of which by government sponsored schemes and one fourth number of people are covered by group and individual policy.

Literature Review:

- Swathi and anuradha, (2017) Stated that rising health care cost is not affordable by each segment of population in India. Fixing a small health insurance premium is also a way to increase insurance penetration and to achieve prospects in the society.
- Binny and meenu, (2017) highlighted the present health Insurance scenario, opportunities and challenges of Health Insurance Companies in India. They identified innovative services, products, rising middle class, health literacy and digitalization which can boost the health insurance sector.
- Ramaiah et. al, (2016) reported the issues and challenges in health insurance in India. Moreover, they identified that the Health Insurance sector is struggling with high claim ratios, low level of consumer awareness, insufficient data on health insurance,

claim settlement issues, rising cost, lack of affordability, persons covered under business decreasing, changing needs of customers etc.

- Rajesh and Adhikari (2020) studied the Covid-19 epidemic in India. The basic reproductive ratio method was used to calculate data. The impact of social distancing, workplace non-attendance, school closure, and their efficiency is investigated. The study stated that 21 days lockdown is inadequate and code of continued lockdown with repeated relaxation is proposed.
- Ripollés and Andreu (2020) investigated pandemic impact **has** affected various social domains. They conducted an exploratory analysis based on the secondary data from the online surveys before and after the outbreak coronavirus. The findings suggest the appearance of important developments such as the comeback of the role of legacy media and the citizens who usually remain far from the information are connected with the news.
- Sijia (2020) examined the covid impact on people's mental health, to assist policy makers to develop innovative products & policies, and help social workers etc. to serve the affected populations. The research stated that before and after the pandemic the knowledge gaps of individuals changed their psychological conditions.
- Tanu (2020) studied the history, origin and spread of covid19, treatment and prevention. The result revealed that the novel coronavirus outbreak has challenged the economic, medical and public health infrastructure of China and its neighbours also.
- PV and Aparna, (2020) stated Covid-19 impact to the economy as a whole. Their research also discussed the control system put into by the government of India and its impact on the business.
- Khandelwal et al. (2020) analysed the effect of Covid-19 on Indian citizens and their minds of state. They also discussed Indian Government's actions to tackle the stage generated by this pandemic. This paper highlighted covid-19 impact up to two stages in India.

Post COVID-19: Opportunities for health insurance sector

Now, let us discuss some of the opportunities faced by the health insurance companies. India has the second-largest population in the world after China and 2nd largest smartphone coverage reporting in the world. India's online active customers accessing the internet have increased due to covid. As we know that India has the lowest level of insurance penetration around 3.6%. Although this is not a good year for insurance companies, post covid there will be a considerable changeover in the insurance priorities of customers. Post COVID-19, people will focus more on healthy practices due to increased awareness and concern about health. There can be large numbers of health care products bought. There can be more

customer engagement in the health insurance sector. For any investor, there are various opportunities in the health insurance sector due to increased awareness, increased demand and increased customer engagement. The investors can plan products for uninsured people, customer experience management during covid19, more use of digitalisation, addressing cyber security for customer data protection.

Impact of COVID-19 on the health insurance sector in India: Every coin has two faces. With bad comes the good also comes; Countries are still fighting this COVID-19 pandemic. The pandemic impacted various sectors like manufacturing, public administration, construction, mining, financial, Real estate badly in India. The impact of pandemic on health insurance sector in India is as follows:

- Insurance Regulatory & Development Authority of India (IRDAI) has issued Guidelines on handling of claims reported under Coronavirus in health insurance business dated July 29, 2016. Coverage is given in order to relieve from the severity caused to the policyholders, all claims reported under coronavirus shall be handled as per the norms.
- Due to COVID, the government has taken steps towards decreasing interest rates and bond rates, which will lead to challenges for insurers in terms of maintaining high reserves, credit risk etc.
- IRDAI has permitted relaxation to the insurers may be lenient with delay in renewal up to 30 days without considering such condonation as a break in policy. However, insurers are requested to contact the policyholders well in advance so as not to have an interruption in coverage to prevent the pandemic of COVID-19. Moreover, the meetings due till June 30, 2020 may be held through video conferencing or other means in accordance with Rule 3 of the Companies (Meetings of Boards and its Powers) Rules, 2014 as amended on March 19, 2020.
- India's Insurance Regulator (IRDAI) has issued norms for all general and health insurersto settle health insurance claimsfor patients within 2 hours in view of the current coronavirus pandemic.
- The insurance regulator, IRDAI, has issued combined health insurance guidelines amended up to May 12, 2020 covering important areas such as renewal, portability and special provisions to protect senior citizens.
- IRDAI has recommended Paperless KYC process through Aadhaar Authentication Services of UIDAI to easily fulfil Know Your Customer (KYC) norms while applying insurance services, some of the insurance companies to undertake the Aadhar authentication services.

Challenges for health insurance sector and IRDAI during pandemic COVID-19:

Despite some advances, India's current health insurance system is just not enough to serve the rising demand. A big portion of the population in India lies below the poverty line; they can't afford healthcare needs as their basic needs remain unfulfilled. Moreover, the majority of healthcare professionals also want to attend to patients from urban areas paying more than rural areas. KPMG report stated that India's 74 per cent of its doctors provide services to one third of the urban population. In the outbreak of covid, some of the challenges for health care sector are as follows:

- **Infrastructure:** The existing healthcare infrastructure is just not enough to cater the requirements of the population. The governments offer universal healthcare services and free treatment and essential medicines at government hospitals. Although, the hospitals are facing a problem of insufficient staff and funds, compelling patients to visit private medical doctors and hospitals.
- **Rural-urban disparity:** The rural healthcare infrastructure includes a sub-centre, primary health centre and community health centre. Primary health centres are with insufficient doctors, with the shortage up by 200 per cent over the last 10 years to 27,421.
- **Product innovation:** In accordance to the covid and post COVID-19 environments, the insurance companies must provide need based products which fulfil the ultimatum of security, transparency and employable product from bands.
- **Financial market uncertainty:** The dreadful situation has led to uncertainty in every sector. However a report given by Care Ratings highlights that there will be slow growth in insurance business especially in the health segment in the financial year 2020-2021.
- **Agent/broker considerations:** Due to outrageous situation agents, brokers and financial advisors will probably face many challenges. Moreover, they will have to avoid face to face meetings and will have to work from home. Insurers with good digital capability will be able to maintain a connection to their distribution partners with which they may provide better services.
- **Insurer:** During this appalling situation insurers should make sure that employees can access the mandatory files so that they can carry on business from remote locations. Furthermore, chief information security officers may need to initiate cyber security protocols so as to make safe information exchange. To encourage social distancing security officers must ensure that employees have access to laptops and other necessary tools to work from home.

Conclusion: The world is different today as it was in 1918 and 2003 flu but the things remain the same until we develop a vaccine that is effective in influenza virus.

Considering that a deadly wave can strike next year, proper understanding of the healthcare system is essential to the prospects of our society. It is a wakeup call for India regarding the private sector as well as the public sector health system. It can take more than money to solve the health care system in India. The current situation has recommended the value of investing in technologies. It is also hoped that these preventive measures can control pandemic during the next stages, through this research paper some useful information about the introduction of COVID-19 in India, its impact is presented. The task of the Government, regulator, and private health care companies is to solve the challenges and to grab the opportunities in the health insurance sector in India during and post covid19. This requires policymakers, regulators and the insurance sector to take action on the steps above. If changes are made now, the sector will be able to more effectively respond to the crisis like covid19. We need to be together to solve the global problem.

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