

# A Study Growth of Health Insurance Sector during COVID-19 and Its Future Prospects.

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**Abstract—** COVID-19 made every human being to understand the uncertainty of life and securing the health and wealth of self and their dear one. The pandemic has created that consciousness of the need for health insurance and what impact it gives in general. There is 34.2% increase in the growth of health insurance (2022 YTD) and there is expectancy of increasing more than this in the coming months.(Jan 3, 2022) In this study the reason for the growth and the future growth prospect of health insurance is studied. The essence of health insurance are the new, innovative and consumer friendly products. From waiting for months to receive health insurance benefits to cashless insurance benefits the customers have experienced a lot. In order to provide need based health insurance IRDA (Insurance Regulatory and Development Authority of India) has framed health insurance under the section 14 (2) (e) of IRDA Act, 1999 to help consumers to deal with the current health crisis. In this entire study the future of health insurance is studied.

**Index Terms—** Insurance, Health, RPA, Innovation, COVID-19, Health Insurance.

## I. INTRODUCTION

Increased risk perception of the health crisis has influenced to decrease the risk taking behavior of people. The rising cost of paying to the hospitalization has made people aware about the health insurance. If one is unmanageable with the insurance knowledge a middle class person's entire life savings may vanish or disappear within span of seconds in the hospital. Under the Government scheme of Ayushman Bharat Pradhan Mantri Jan Arogya Yojana approximately 70 crore of the population has been covered in health insurance.(Jan 3, 2022)Earlier challenges added with health

insurance have gone accordance with time the maturity settlement premium payment and converting premiums into installment have become fast and digitalized.

Earlier people used to prefer individual health insurance policies now after COVID-19 there is huge demand for family or group health insurance. COVID-19 has allowed insurance underwriters to think innovatively and have good exposure on their financial risks at the time of crisis. With the guidance of IRDA there were two policies launched namely corona rakshak and corona kavach. At the time of COVID-19 social distancing was very much essential so that online sale of health insurance boosted. There was no need for the physical documentation and physical presence of policy holders.

(Dhawan, 2022) According to ICRA the GDP growth of the private insurers has increased by 14% when compared to public sector insurers which has 5% increase in 2022. When the gross premium of the medical part there it is observed that there is growth of 26% even in the restricted lockdown in mid of pandemic throughout the country.

## II. OBJECTIVES

[1] To understand the growth of health insurance sector during COVID -19.

[2] To understand future growth prospect of health insurance.

## III. LITERATURE REVIEW

[1]Dr. Vinita Ahire Kale and Pranali V Navkhare (Sept 2020):- In their paper the authors have discussed that the awareness about the health insurance among people have increased, people have

started purchasing family or group insurances, pandemic has given the insurance entities to find new products to the customers and many of the companies came up with many COVID 19 health insurance products.

[2]Dr. Rana Rohit Singh Abhishek Singh (Apr 2020):- The authors have explained that there is still much more opportunity in the industry to give cover of health insurance products who are still uncovered. Lot of potentiality is there in this sector of insurance, in the place like India the authors think that there should be best plans of health which are not so pricey.

[3]Pius Babuna,Xiaohua Yang, Amatus Gyilbag (Oct 2021):-The authors have conducted research at Ghana. According to them the country was initially facing some problems to cope up with the pandemic, products premiums and sufficient experience hold on the situation. But the recovery made was fast and adopted all the IT protocols to do safe work from home. According to them they suggest that world bank may come to help all the insurance companies of the world to provide them with necessary training and basic strategies to respond.

[4] Madan Mohan Datta (Dec 2020):-In the view of author the COVID pandemic is the challenge and to fetch important customers and high rate of incentives should be provided to the agents and brokers of health insurance so that they will be motivated to search for new customers and the opportunity to grow in this sector is better products, services and distribution channel.

[5]Monica Bhatia, Sachin Mittal, Alok Bansal (April June 2018):- According the author the health insurance is interlinked and interconnected with other aspects of insurance. The problem of covering the life of bellow poverty line is difficult task in India. It is that limited industry which has the social cause. And Government should provide the companies with tax benefits so that health insurance organizations does feel tax burden on them

[6] Leemore S. Dafny, Yin Wei Soon, Christopher T ( Aug 2020):-According to the survey done by the authors due to COVID-19 there are 18mn people who

may loss their job and with that they may lose the life cover which they have from the organization, unemployment makes the difference for insurance company.

[7] Biswajit Nayak and Som Shekhar Bhattachrya (Feb 2021):-According to the author the individual health is essential as group of more number of individual's health. The products introduced at the time of COVID were both the business and social need. There are 2 types of people who maintain all the rules of COVID-19 and another is who does not both may purchase the insurance but insurers will be unable to recognize the ones who follow all the protocols of covid.

[8] Gina Weir Smith, Tholang Mokhele, Slimengene Dlamini (Mar 2022):-In the view point of the author to purchase health insurance a person's education, location, demographic area social economic status these things have the control over the buying behavior of the insurance by the people. At the time of COVID the individual's emotions may be more positive towards the purchasing of insurance.

#### IV. RESEARCH METHODOLOGY

The data or information used in this research paper are purely from secondary sources, before we writing this paper the authors have read enough articles, journals published in reputed journals. The literature reviews put in this study are after completely understanding the conceptual framework of the research topic. The present study is about the reasons for the growth of health insurance and the future prospects of the same.

#### V. REASONS FOR HEALTH INSURANCE GROWTH DURING AND AFTER COVID PANDEMIC

The health care inflation in the country is one of the reasons of growth in health insurance. Medical history of the person, habits of the people, their age, gender, marital status, change in life style, occupation, income of the person, quality of the environment, genetics are the reasons for the inflation and the growth for the health insurance. Indirect costs

in the treatment of any diseases may be the reason for the growth of health insurance like the residence at the hospital location, food, transportation.

The divisions made in purchasing the policies like for senior citizen health insurance, maternity health insurance, family floater health insurance, critical illness insurance, existing disease insurance cover, disease specific plans, hospital daily cash benefit cover etc have made the increase in sale of health insurance.

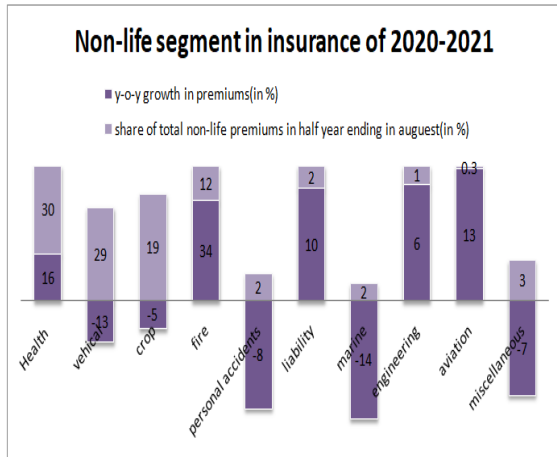


Figure 1. The boost in health insurance due to pandemic in 2020-2021(Srinivas, 2020)

For youngsters COVID -19 has become the eye opener evidence that at any stage of life the health risk may occur so that many youngsters have proffered taking health insurance. And the insurance coverage for mental health also is available as more number of people are suffering from stress, depression and anxiety this coverage has made mandatory from the IRDA (according to the order of supreme court)

With the guidelines of the IRDA it is said that within 30 days of claim made by policy holders the claim should be provided.(Babuna, Oct 2021) taking expert advice from professionals before any pandemic is going to be helpful for any industry.

## VI. FINANCIAL PROBLEMS FACING BY HEALTH INSURERS

Pressure on Claim funds: - Due to COVID-19 the frequent claims which are registering have made the effect on cash flow. In the influence of 100% insurance claims as soon as possible the health insurance organizations are facing this financial problem.

Uncertain amount of premium collection: - During COVID time the estimated premiums were not collected by insurers and the due to job loss, and the financial crisis faced by the people. Extended premium payment facilities helped the customers.

Difficulty faced in premium calculation: - The risk involved in COVID-19 changes from time to time, from geographical area to area and the risk of medical cost made insurers to face difficulty in framing the premium amount for COVID coverage plans.

There was a sudden increase in the premium of 10-15% which led them to invest more time in making people understand the real need insurance and why the inflation is being created over that sector.

## VII. FUTURE GROWTH OF HEALTH INSURANCE

Digitalization of insurance may attract more number of customers a kind of transparency and personalization should be there. This makes buying and selling of insurance makes easier. The health insurance companies should use some digital tools, machine learning, block chains and insurtech to fasten the administrative activities, underwriting and claims. Ayushman bharat cards may be utilized to secure the health insurance of unsecured lives of people in India. Some of the health care platforms should be established to increase the outcome of health insurance for example swasth alliance established by swasth digital health foundation it is not-profit initiation.

Private entities should enter the industry by this innovation and inventions are going to happen by

new entrants. In rural areas of the country the more awareness should be created to increase more sales in health insurance. To create more awareness about health insurance the government of India should include chapters on health insurance at pre university board level for the young students.

Tele-medicine & mobile health care services should be encouraged in all the possible places of towns and villages. Direct patient and service provider relationship should be there so that real time analytics is possible. In future the M and A may take place between health care organizations as it reduces the burden of administrative activities.

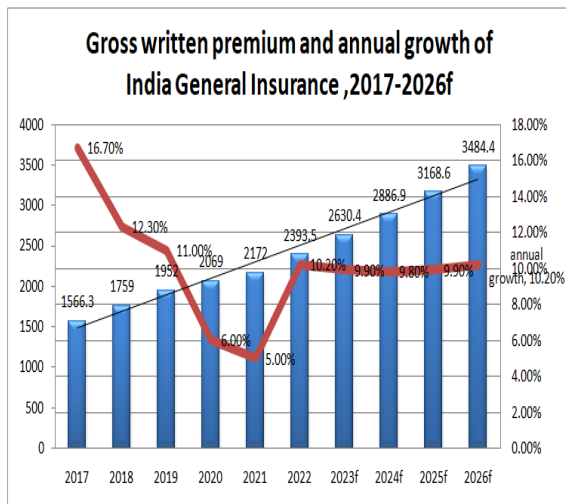


Figure 2. India general insurance industry prediction 2017-2026 f(globaldata, 2022)

Deeper side of the customers targeting, segmenting, positioning has to be done to increase the sales of health insurance. The payout liquidity should be done in faster way.

Digital transformation of insurance is the solution for large number of routines that are everywhere in the workflow of an insurance company. Robotic process automation (RPA) tools and technologies easily handle these challenges. It is software that literally mimics human behavior and can automate all the manual and tedious work and free time of underwriters. They can spend this time with customers, making decisions and strategizing tasks that require human intervention, instead of filling out a ton of paperwork and searching for the required numbers in endless documents. On average, RPA

software can free up 20-30% of an operations team's capacity. In some cases, the result can be even more impressive. In addition, it is seamlessly integrated with legacy systems, which means that the company can increase its efficiency without significant expenses.

## CONCLUSION

Around 514 million people across India have health insurance coverage in the financial year 2021 and of these, most had state-subsidized health insurance, but few had private insurance even in between the pandemic situation and that was done by the introduction of insurance through digital platform and this if improvised the digital platform by chat-bots and artificial intelligence and voice assistants which gives customer a better experience. Health is ultimately the thing people are intended to have in the existence thus insurance industry will be always raising from now on.

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