R. Rajnikanth *
Dr. Steward Doss **

Impact of COVID-19 Pandemic on the Life Insurance Industry

The paper aims to assess the impact of pandemic Covid-19 on Life Insurance Industry based on the perceived impact of the executives working in life insurance industry. This paper also highlights the key areas of impact on the life insurance operations and also suggest measures to improve the growth of life insurance business in the coming years. The study finds that the impact of the pandemic on the traditional life insurance business like term insurance business, endowment business was not impacted much while it has affected significantly group insurance business, annuity and pension business. However, there has been significant improvement about the customer's insurance awareness, particularly they have become highly health consciousness during the pandemic period. As a result, the demand for health care services including health insurance and term insurance products have gone up. The regulator has also introduced a customized stand alone Corona specific policies and life insurance product simplifying the process of buying the insurance encouraging the customers to improve their insurance coverage. The executive's perceptions also strongly reflect these trends as they opined that the traditional life insurance and health business would grow strongly, while savings linked insurance products, particularly ULIP, Group business, annuity and pension business would come down significantly. Their feedback strongly emphasis that the insurers should improve their Risk Management initiatives like DRR, disaster risk planning, data protection and cyber security measures, etc., which would enable the insurers come back to the normal life of operations quickly.

Key Words: Covid-19, Pandemic, Life insurance, Business implications, Risk Management.

* *General Manager, LIC Housing Finance Ltd and Faculty Member at National Insurance Academy (May, 2019 to April, 2021) Email: rrajnikanth@gmail.com*

** *Faculty Member, National Insurance Academy, Email: gdoss@niapune.org.in*

Introduction:

The Covid-19 Pandemic not only caused the loss of lives of millions of people, but also impacted the livelihood of many more millions, disrupting the social, economic, and mental health of many people, more severely the middle and low-income households across the world. It had impacted the global economy severely affecting the business of all industries including the life insurance industry.

The novel coronavirus disease 2019 (COVID-19) is highly infectious and possibly, with a higher fatality rate than the common influenza virus infection. The World Health Organisation (WHO) declared that the COVID-19 outbreak was a global pandemic on March 11, 2020. It was initially concluded that this disease spreads by the virus present in the droplets from the cough and the breath of infected persons. The main challenges at that time were a) an effective vaccine was not ready and b) there was no medical protocol to treat the disease. As of 26/04/21, the global count was 14,84,88,351 affected out of which 31,33,422 succumbed to it as reported by WHO and the position in India was as under (MOHFW,2021)[1].

Coronavirus Cases:	**1,76,36,307**
Active Cases	**28,82,204**
Cases Recovered / Discharged:	**1,45,56,209**
Deaths:	**1,97,894**

Most countries resorted to 'Lockdown' to reduce the spread of the virus. The suspensions of International and domestic travels, closure of all manufacturing and servicing activities impacted the economic and social life of the people leading to total disruption in the Economy. The imposition of lockdown and physical distancing made a drastic impact on the way business was done.

The economic impact of COVID-19 has been quite significant across the globe. The world economy was already in a fragile state, weighed down by trade disputes, policy uncertainty, and geopolitical tensions. The pandemic posed daunting challenges for policymakers of emerging markets, developing economies, and weak public health systems. The Government of India and Reserve Bank of India (RBI) had come out with policy initiatives to provide relief to various sections of society. However, the GDP for FY 2020 which was already low came down further. During the peak period of the pandemic (the first wave), the economy had negative growth of 23.9% from April to June

[1] *National Statistical Office and Hindu Press release dated 8, January 2021.*
[2] *Economic Times Press release dated 26, April 2021.*

2020, and further down by 7.5% in the second quarter. As per the Government report, the real GDP of the country was estimated to contract by 7.7% compared to a growth rate of 4.2% in 2019-20[1] . However, the economy has revived strongly in the last quarter of 2021 due to liberal restrictions, targeted lockdown, resilient consumer, and business behavior to mitigate the economic impact of the pandemic. IMF projected an impressive 12.5% growth for the year 2021-22, while RBI projected a GDP growth of 10.2% for the FY 2021-22, in its last policy review[2].

However, the second wave escalated the health burden on the government with many states struggling to cope with the second wave, slow-paced of vaccination, and lack of focused government strategy to contain the pandemic. Oxford rating has downgraded India's economic growth for 2021-22 to be around 10.2%.

The economic downturn and its effect on people impacted the insurance industry, that which traditionally uses the agency channel to interacts with the customers directly through personal contacts to market the life insurance policies. COVID-19 with a high cost of medication and high fatality rate enhanced the insurance awareness amongst customers.

The Insurance Regulatory and Development Authority of India (IRDAI) and the Life Insurance companies made early interventions to handle the situation by:

a) continuance of life cover even for delayed renewal of policies in health and motor TP cover,
b) extension of grace period for payment of premium & concessions in the claims process,
c) giving advances to tied agents,
d) providing 'Work from Home' facility and
e) moving services moved to Online mode (Sandeep et al, 2020)4.

This project was undertaken to study the impact of COVID-19 on the Life Insurance industry with the following objectives.

1. Study the impact of the pandemic (COVID-19) on the Life Insurance Business as well as the perception of the executives working in the Life Insurance industry
2. Identify the areas or lines of business that had a major impact. And
3. Discuss the implications of the pandemic on the life insurance business.

For this purpose, an online survey among the executives from Life Insurance Companies was conducted from June 21 to July 7, 2020. A total of 321 executives responded to the survey. The profile of the executives selected were mainly the marketing people including front-line marketing officers, senior executives, and operational people from the IT department (Ref Appendix). The main reasons for selecting these executives were that they could respond to the impact of Covid-19 on the life insurance business and also the strategic perspectives of the companies sharing their experience in handling the pandemic situations.

Impact of COVID-19 on the Life Insurance Industry

In normal times, the insurance industry is well prepared for major events impacting human life, but COVID-19 has disrupted the business scenario in an unprecedented way. The first causality was public health, the pandemic multiplying the difficulties. The sectors impacted were manufacturing, automobile, transport, and travel followed by the service industry and financial sector including banking, investments, and insurance. Food distribution and agriculture were affected after a time lag. In the insurance sector, investments, premium collections, and claim processing were impacted significantly. The salient findings of the study are highlighted in the following sections.

1. The overall impact of COVID-19 on the Life Insurance Industry

Though the pandemic has impacted the insurance sector, the life insurance industry was not severely impacted as expected at the beginning of the pandemic. The business performance of the Life Insurance Industry before and after the pandemic is given below.

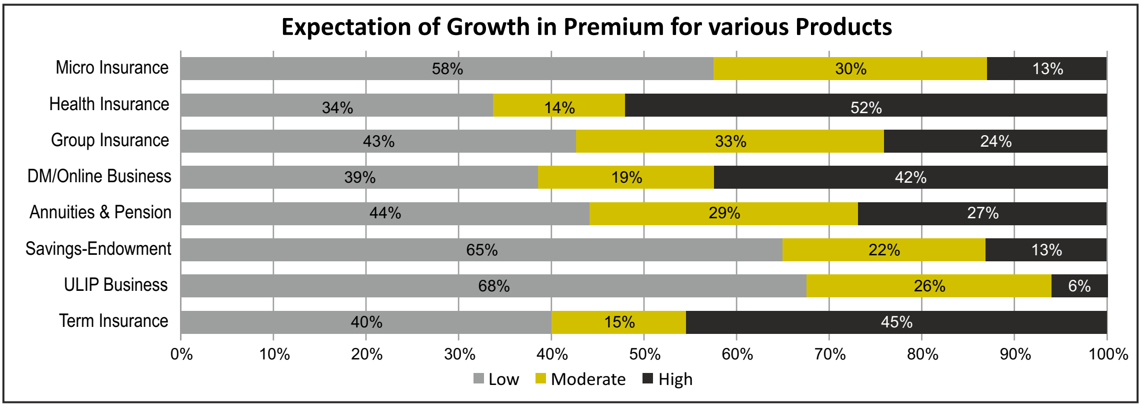
Table 1. New Business Premium of Life Insurance Industry (March 2020 to February 2021)

Summary of New Business Performance of Life Insurers (read Current month from Col 1)												
	Premium In Nearest Rs Crore						No. of Policies and Schemes					
Period ending	For Curr Mth	Upto Curr Mth	For curr Mth Prev Yr	Upto Curr Mth Prev Yr	MTH Variation in %	YTD Variation in %	For Curr Mth	Upto Curr Mth	For curr Mth Prev Yr	Upto Curr Mth Prev Yr	MTH Variation in %	YTD Variation in %
March 2020	25409	258897	37459	214673	-32	21	1843069	28886569	5539196	28687812	-67	1
June 2020	28869	49335	32241	60637	-10	-19	1681238	3105611	1899625	4807718	-11	-35
March 2021	43416	278277	25409	258896	71	7.5	5766383	28167513	1843069	28886569	212	-2.5

Source: IRDAI Insurance Statistics, April 2021.

As it can be observed from the above table, the life insurance business both the new business premium as well as the number of policies had negative growth during the peak period of the pandemic (First Wave) from March 2020 to June 2020 and then gradually achieved positive growth during March 2021. Though during the first 6 months of the Pandemic period, the life insurance industry had negative growth, the overall new business growth for the financial year 2020-21 is positive with 7.5% growth. The following section discusses the expected growth in various segments of the life insurance business as perceived by the executives during the survey.

2. Expected Premium Growth for Various Types of Products (Survey Data)



The perception of the executives during the survey highlighted comparatively lower growth in certain segments like; Micro Insurance, ULIP business, Endowment, Group Insurance, and Pension & Annuity business. However, relatively higher growth was perceived in terms of insurance, direct marketing/online, and Health Insurance business.

2.1 Term Insurance: Most of the respondents (45%) expected a positive premium growth in term insurance, while only 10% expected a fall in premium by more than 25%.

2.2 ULIP Business: A little above two thirds (68%) perceived that the premium collected under ULIP business could decrease up to 25% and 38% opined that the decrease would be by more than 25%, while 6% of respondents said there will be positive growth in ULIP business.

2.3 Savings-Endowment Insurance: Nearly two-thirds of the respondents (65%) opined that the premium under the endowment/savings linked insurance segment would decrease up to 25% or more.

2.4 Annuities and Pension: About 45% perceived that Pension and & Annuity business may decrease up to 25% or more, while 32% opined that there would be no significant change in the business growth.

2.5. Direct Marketing/Online Business: The majority of the executives (42%) expected that companies would push strongly direct marketing/online business and the business would grow up to 25% or more.

2.6. Group Insurance: About 43% opined that that group insurance business would decrease up to 25% or more. Almost, one-third (33%) opined that there would be no significant change.

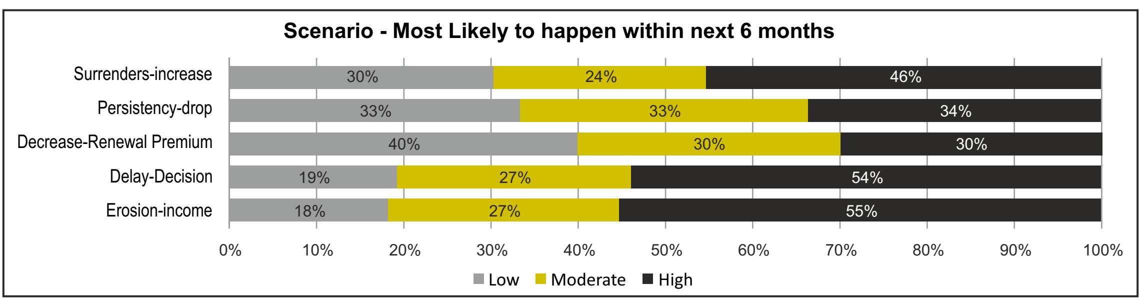
2.7 Health Insurance: Nearly 52% perceived that the health insurance business would grow up to 25% or more in the next year. While a small portion (14%) of the respondents opined that there will not be any significant change in the business.

2.8. Micro Insurance: As per the survey, a majority of the executives (58%) opined that the micro insurance business would decrease up to 25% or more.

As discussed in the earlier para, the executives have perceived that the expected growth in new business would vary significantly across different types of products. In the area of Term Insurance and Health Insurance, many expected that the premium would positively grow. More than one-third of the respondents (38%) - the largest group of respondents- envisaged Life Insurance Companies to initiate Risk Management activities in the Actuarial and underwriting areas that would determine the premium rates and ensure the acceptance of new business/policies. Similarly, more than one-third (34%) of the executives opined that necessary changes need to be brought in by the Indian Regulatory (IRDAI), to further improve the business performance of the insurance industry.

3. Most Likely Scenario: Short Term (3 to 6 months) & Long Term (beyond 6 months up to a year)

This section discusses the perception of the executives about how the customers would



respond concerning their financial as well as insurance behaviors including buying preferences in the next 3 to 6 months (short-term) and also long-term during the next 6 months to 1 year.

The pandemic was expected to impact the economic, financial, and social behaviors of the customers, as most of them likely to postpone the purchase of new policies and also pay the renewal premiums of their existing policies due to insufficient disposal income as their salary/income was drastically reduced on account of the lockdown and other restrictions due to the pandemic.
The above analysis is also indicated similar views as stated below.

3.1 **Erosion in the Disposable Income of the Customers**: A majority of the respondents (55%) said that there will be a significant reduction in the disposable incomes of the customers.

3.2 **Customers Postpone their Decisions in matters of Life Insurance:** A majority (54%) said that customers may postpone their insurance buying in respect of life insurance.

3.3 **Likely-situation to Happen**: **Decrease in Renewal-Premium in next six months:** About 40% of the executives did not agree that the customers would not renew their policies and strongly perceived that is such likelihood or behavior would happen in the next 3 months as there would be an increased insurance awareness among the customers during the pandemic period.

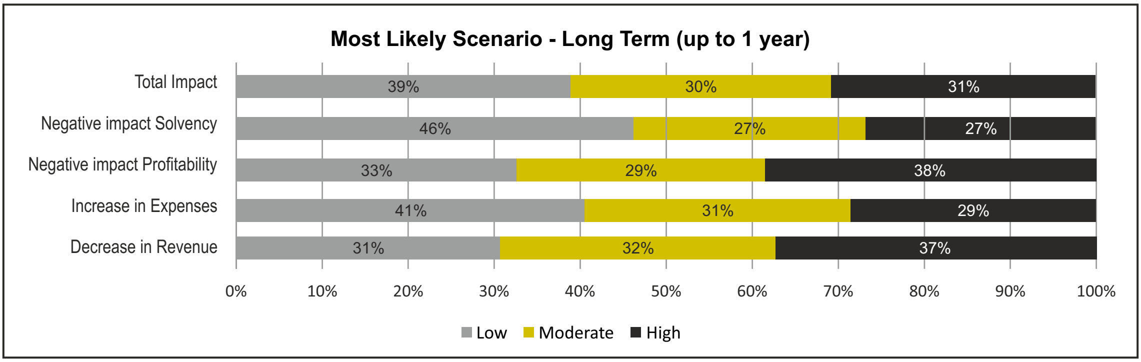
3.4. **Persistency of Insurance Business:** However, regarding the persistency of insurance business their opinions were divided across the spectrum, as nearly one-third (33%) of the respondents had a neutral view, while others (67%) were either positive or negative about this statement.

3.5. **Another likely situation to Happen is an increase in Surrenders in the next six months:** About 45% perceived the likelihood of the number of surrenders going up.

4. Most Likely Macro Scenario: Long Term(beyond 6 months up to a year)

In this section, the executives were asked to comment upon the most likely scenario impacting the long-term business perspectives of the life insurance industry in terms of decrease in revenue and profitability, increased operational expenses, and the long-term impact of the pandemic on the solvency of the life insurance business, etc.

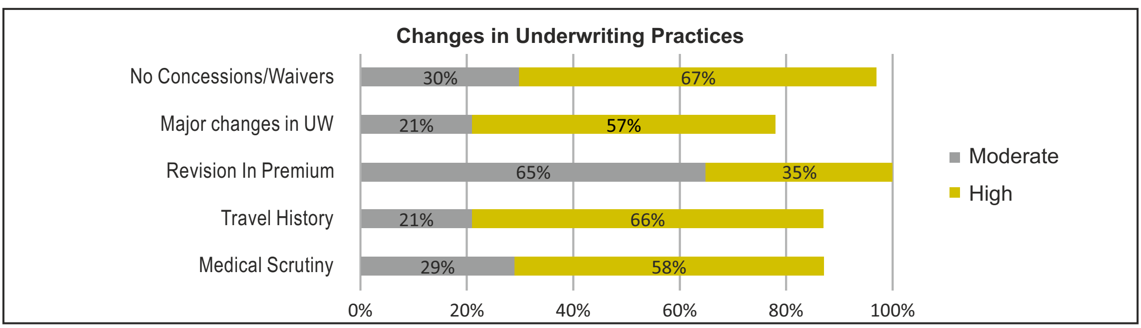
The analysis indicates that most of them perceived that the life insurance industry would get impacted by way of reduced revenues and profitability as we observe that



nearly 65% of them perceived so. However, they were highly uncertain about the increased operational expenses and long-term impact on the solvency of the companies as well as the total impact on the industry.

5. Underwriting Practices and Customer Servicing

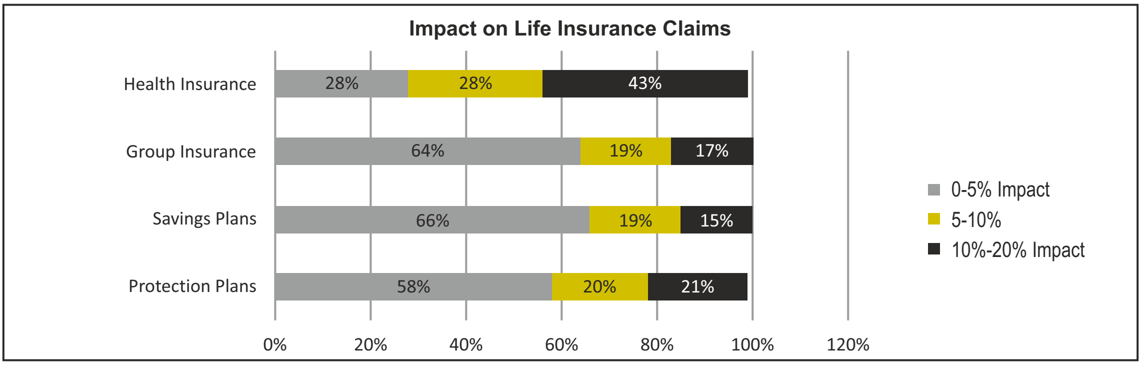
The pandemic was expected to change the underwriting practices of the life insurance companies as the companies could implement stricter underwriting norms with increased medical examinations at the time of receipt of proposals from the customers and also could examine their travel history and family medical history during these periods of the pandemic. The companies could also increase the premiums, as it was expected to increase the mortality and morbidity frequency of the general population and introduce more policy restrictions in the form of riders and impose strict policy conditions.



The result of the analysis also confirms the above views across the spectrum of the respondents as the majority of them perceived moderate to high impact on matters about the underwriting of new business with stricter medical scrutiny (58%), changes in underwriting practices relating to travel history (66%), and revision in premiums upwards (35%). However, nearly 28% were uncertain about the increase in premium rates, and 38% disagreed with the statement as they perceived that companies would not increase premium rates as it would affect the scope of new business growth in the near future. A majority of 57% opined that the companies would introduce stricter new business policy conditions and withdraw the then-existing concessions in premiums and waivers of policy conditions in case of revivals and surrenders.

6. Impact on Frequency of Life Insurance Claims

As the pandemic adversely impacted the lives of millions of people globally and the same was expected to cause an increase in mortality and morbidity of the insured populations in India. Hence, the executives were asked to comment about their views relating to the impact of the pandemic on the frequency of life insurance claims.

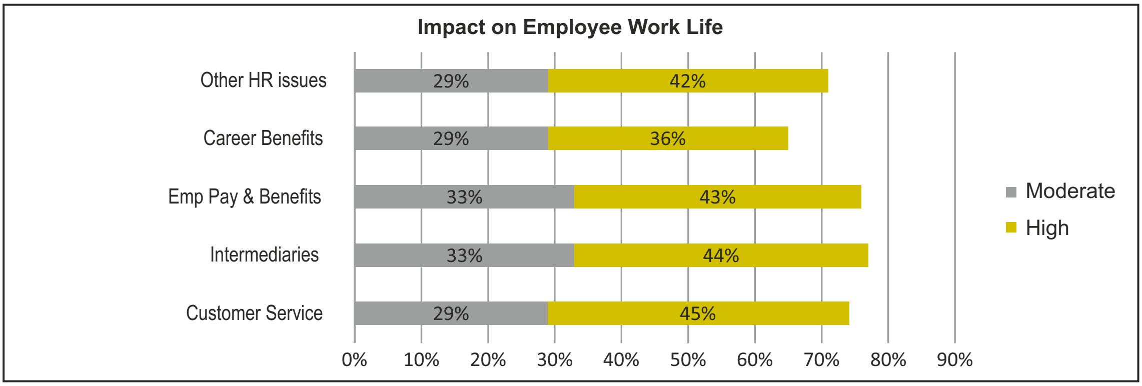


Surprisingly, the majority of the respondents (over 60%) perceived that there would be no or little impact of COVID-19 on the claims about Protection Plans (58%), Savings Plans (66%) and Group Insurance (64%). However, nearly 56% of respondents expected that there would be an increase of up to 10%, and 43% opined that it could be 10% to 20% in Health Insurance Claims.

7. Impact on Employees Working Pattern

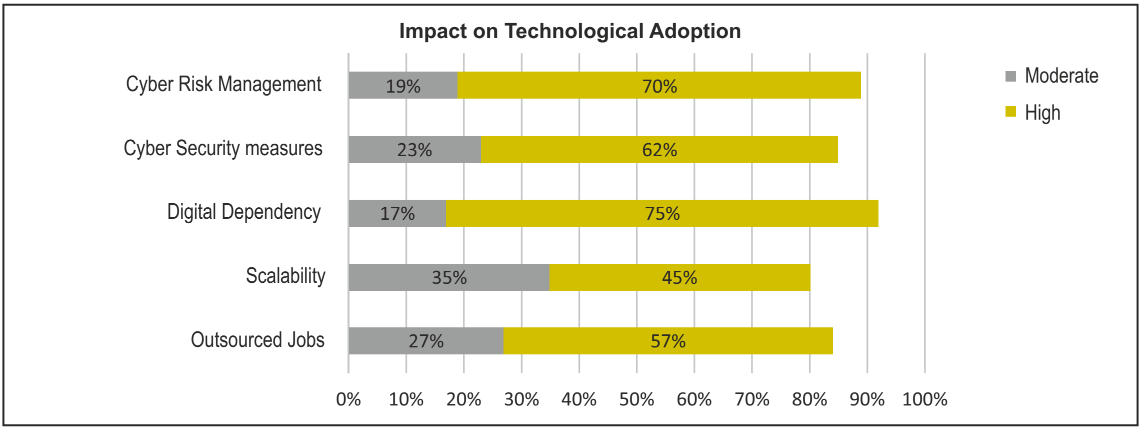
This pandemic has caused a major disruption in the working pattern of the employees as many organizations have allowed their employees to work from home. A majority of the employees in public and private sector organizations were directed to work from home. Hence, the executives were asked to comment about what further impact this pandemic was expected to cause in terms of reduction of salary, reduction in employee benefits & perquisites, reduced promotional or career growth opportunities, ultimately impacting the employee workplace perceptions and thereby, customer services.

The majority of them (over 70%) have perceived that there would be moderate to high impact on most of the HR-related areas, particularly, majority of them (44% High, 33% moderate) opined that the employee's career growth including pay & benefits would get affected and also customer service (45% High, 29% moderate).

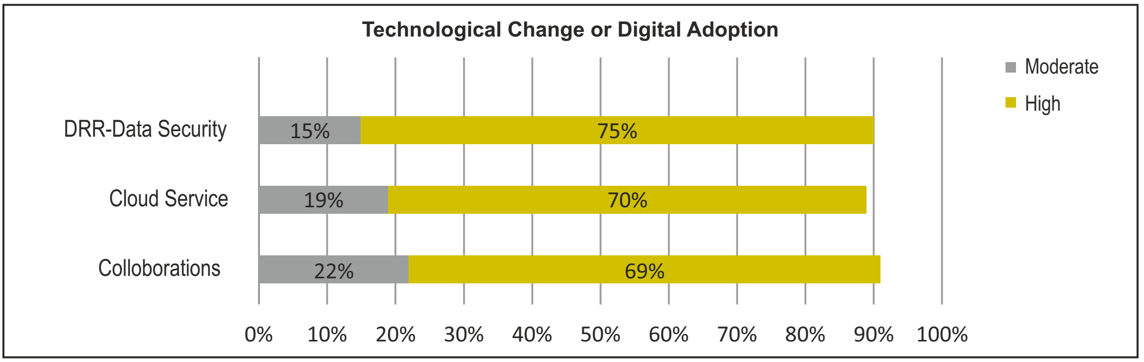


8. Impact of the Pandemic on Technological Adoption and Digital Solutions

During the pandemic period, the dependency on the use of technology or digital solutions had become inevitable as the organizations moved to digital solutions and allowed the employees to work from home. As a result, many companies moved to private or cloud networking or API platforms to streamline the increased digital workflow which also increased the outsourcing activity to third-party supply chain vendors, cloud service providers, and insurTech companies. Similarly, investment in digital solutions went up. As a result, cyber risk exposures increased significantly during the pandemic periods. Many organizations focus on cybersecurity and control measures.



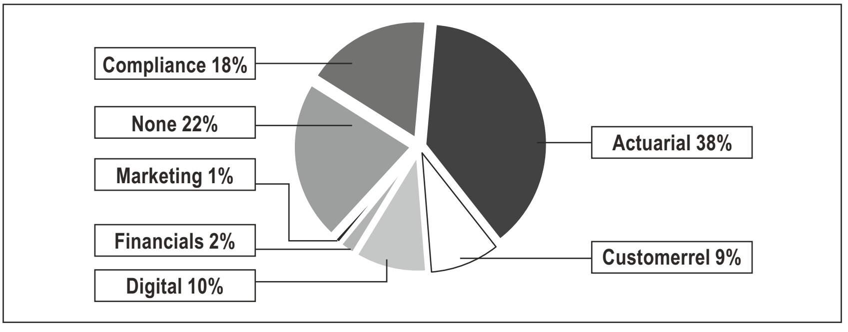
The survey results had also confirmed similar views as most of them (75%) agreed that an organization's dependency on technology or digital solutions has increased exponentially and nearly 57% perceived increased vulnerability of outsourced jobs/cloud-based services. As a result, 70% opined that organizations had to focus on cybersecurity control measures and cyber-risk management.



The majority of the respondents gave high priority to all four aspects of Technological Adoption. Most of them opined that the organization would move into more digital solutions for various other important functions like marketing, training & development, customer service, grievance redressal, etc. It was also perceived that for immediate digital adoption, most of the companies would adopt collaborations with supply chain vendors, TPA, InsurTech, and migrate to Cloud-Storage & Service providers. As a result, Data Security & Protection, and Disaster Recovery, would become highly important.

9.Suggestions for Changes in Risk Management

The Pandemic has created an immense need for Disaster Risk Recovery, Data Storage, Data Protection, and quick Data Retrieval in organizations. It could be seen that the organizations that had better data storage & retrieval and DRR plan could quickly move into the normalcy of their business with effective risk management and technological support.



Most of the executives opined that the role of Actuaries would become more prominent with increasing importance being given to Risk Management in the organizations. They also opined that medical underwriting would gain a lot of importance, particularly in the case of new business where the customer age group is more than 50 years. Similarly, high sum assured policies or proposals would require strict medical scrutiny where the Covid-19 test could be made mandatory at the time of accepting the new proposals.

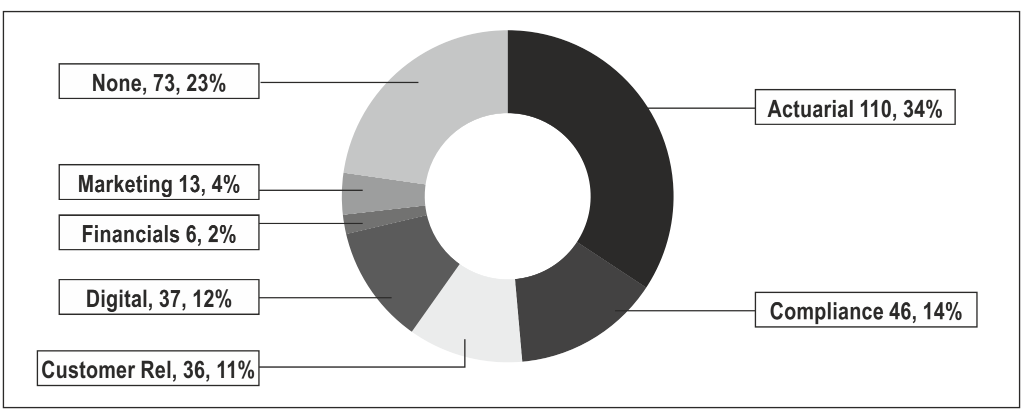
10. Changes brought by the Indian Insurance Regulator (IRDAI)

The Indian insurance regulator (IRDAI) had initiated various measures to safeguard the customer's interest and also to ensure that customers receive uninterrupted services from the insurers. IRDAI issued the directive on the grace period extending the time for payment of renewal premium due on 31 March 2020 to 30 April 2020 which was later extended up to 31 May 2020.

In July 2020, the regulator had introduced Corona-specific health insurance covers called Corona Cavach and Raksha/Protection[16] covers to provide adequate risk protection for the general public in the Indian Market. Apart from health insurance, the regulator had also introduced standard life insurance cover with pure term product and a general insurance product with standard terms & conditions to benefit the customers. Further, the regulator permitted all general insurance, standalone health and life insurance companies to sell and renew short-term corona-specific products.

Further regulatory changes suggested by the respondents

Apart from the above regulatory changes, the respondents had suggested the following certain specific suggestions about life insurance.



- Necessary changes to be brought in the regulations relating to Intermediaries considering their difficulty in reaching out to the customers.
- Increased Grace period for premium payments and revival concessions with a view to improve the persistency of the policies and renewal business which would ensure that customers maintain adequate coverage during the pandemic period.
- Encourage insurers to design more Term Insurance products with competitive premium rather than savings linked products which is now very challenging for the insurers to offer guaranteed return products under the current situations.
- Encourage insurers (incentivize) to sell the simple and standard policies introduced by the regulator.

11. Impact of Pandemic on Insurance Operations and Business - Managerial Implications:

As observed from the survey results that there are many areas of life insurance operations impacted by the pandemic, particularly, new business growth in terms of the premium collection, as well as the number of policies procured during the year, have come down, the social and mental wellbeing of the employees, managing work-life family and domestic issues. Organizations had to quickly adapt to new-age digital solutions and private network stations and had to deal with supply chain and outsourcing or cloud-related issues. During the pandemic, Risk Management had become very essential for the companies to use effective DRR systems to bring back the normalcy of the business operations. The regulator also brought out various proactive changes and issued new guidelines protecting the policyholders' interest and also to enable the insurance industry to function smoothly and improve their financial positions. This section deals with some of the important business implications that the pandemic created and how the life insurance companies combated the pandemic with proactive business strategies and customer-friendly business operations.

11.1. New Business - Marketing Operations: Actual Trends Observed

The analysis of the survey data and information collected was compared with the actual business performance of the life insurance industry, both operational and financial results. The actual data from the New Business area is compared to get an idea of the impact of COVID-19 on the life insurance industry. The total premium collected in the Life Insurance Sector was compared for the three flashpoints as at the end of the fourth quarter 2019- 2020, June 30, 2020, and end of March 2021.

The negative variation in the financial results during the first wave of the pandemic period (March 2020 to December 2020) was similar in the LIC of India and the private companies. Due to lockdown, access to payment of premium through traditional mode of collection was not available and only online payments were received. IRDAI was proactive and announced the extension of the grace period anticipating the effects of lockdown. Further, industry-friendly guidelines from IRDAI helped the industry to ensure that the disruption was minimal. The individual companies also made changes to their processes and also quickly adopted digital solutions to ensure minimum break in service.

The entire first quarter New Business was disrupted but clawed back during June to register a drop of 10% for the month, but the total premium collected for the year up to 30/06/2020 was down by around 18%. The negative variation was felt in all types of business. Although the fall in premium was around 18%, the fall in the number of policies was more pronounced and there was a drop of more than one-third in the number of policies procured, when as compared to that of the previous year.

This survey was carried out at the end of June 2020 and all the respondents were middle and senior executives from the life insurance industry. The spread of COVID-19 during the first wave was not as widespread in India as it was in other countries. The Government also announced several measures to stimulate the economy. Meanwhile, the companies also modified the processes to face the new situation. As a result, the life insurance industry made a significant recovery at end of March 2021, with a positive growth of 7.5% in new business premium. There were several positive changes brought in wake of the pandemic in the insurance industry. Some of these important changes are listed below.

a) IRDAI's proactive response with the introduction of Sandbox Regulations fostering product and service innovation in the insurance industry. It also enabled InsurTech industries to blossom with new-age technological applications like AI/DL, IoT, Blockchain, etc.

b) Ability to tackle Black Swan events by using novel methods to create simple and standard products enabling the customers to accept quickly and also to ensure adequate insurance protection during this pandemic period.

c) Annuities and Pensions business was affected to some extent due to slow down.

d) Significant increase in the health insurance business as there was an increased insurance awareness among the customers though the frequency of health claims also went up.

e) The shift towards quick technological adoption bringing in a digital distribution process & convenient access including faster underwriting, policy issue, and claim processing.

f) Strong timely push of pure term or risk protection products along with the creation of awareness about the importance of health and life security protections among the customers.

In the Area of Annuities and Pension Business, the Pandemic had caused the Following Implications

a) decrease in the value of pension plan assets,

b) A possible increase in unemployment in the unorganized sector resulting in lower pension contributions and reduced the demand for pension and annuity products.

c) Possible higher government debt which in turn could trigger reduced government pensions.

d) The above scenario could then lead to a lower standard of living post-retirement, the decision by some individuals to defer retirement, and some members to increase their investment return by increasing the level of risk in their portfolio (David Knox, 2020)[5].

11.2 Distribution Channel Performance

It was expected at the beginning of the pandemic that the business performance of the traditional channels like Agency, IMF, Bancassurance, etc., would get impacted severely. Though there was a slight slowdown in the business performance of the traditional channels, the impact was much lower than what was anticipated. Most of the life insurance companies have provided Covid Advance or Allowance to some of their qualified agents (based on certain business parameters) to meet necessary business expenses and also to run their office during the pandemic period. This created strong emotional support to improve their business performance at the end of the financial year.

While there was no significant change in the business brought in by various channels, the relatively new channel like Point of Sales and Common Service Centres showed extraordinary growth because of the smaller base earlier. The Web Aggregators showed a growth of 68% in new business premium and much lower de-growth than the industry (-12.5 % for Web Aggregators and -24% for Industry till February 2021) (Source: IRDAI).

11.3 Technological Adoption to Digital Solutions

The immediate consequence of the lockdown imposed due to COVID -19 enabled the organizations to quickly adopt technological or digital solutions and migrate to online activities and allow the work-from-home option to the employees. This was strongly emphasized in the executives' perception survey also. The following events corroborate the findings of the survey.

"Working from home means video conferencing for many and that has meant explosive growth for the Unified Communications as a Service (UCaaS) sector" (Jasmine Bissete, 2020)10. Microsoft Teams reported more than 115 million daily active users in October 2020, up from 75 million in April 2020 (ZD Net, 2021)[12] and, Zoom says more than 300 million people participate on Zoom calls daily, up from 10 million in December 2020" (Easysend, 2021).[11]

During the last few months, the life insurance industry has implemented the following:

- Life insurers strongly pushed their new business sales through direct distribution and enhanced the digital capabilities of employees and intermediaries.
- New distribution strategies around customer engagement, new retention tools, automated personalized product lines, and innovative service models were adopted.
- Usage of 'Big Data, cloud-based operations, Data Security and protections, Cyber risk management including cybersecurity measures had been given higher priority.
- McKinsey report indicates that "Companies have accelerated the deployment of digitization and automation during the COVID-19 pandemic, unprecedented restrictions on travel, physical interactions, and consumer behavior changed the way they operate". The report predicted that remote Work-from-Home will stay in some areas for a longer time (McKinsey, 2020)[7&8.]

- Insurtech joint ventures: Partnerships between Insure-Techs and incumbents are a growing trend, which is often a win-win proposition. Established insurers are harnessing their customer data and relationships to create new income streams. Incumbents using existing customer relationships, Insure-Techs provide the technical know-how to create synergy.
- Proactive risk assessment: IoT technology is impacting areas of risk assessment and underwriting. IoT theoretically can empower insurers to move from their traditional role in risk protection to risk prevention. India is becoming a hotspot for IoT deployment. "As indicated in the computer weekly (Pratima Harigunani, 2021)13, data collected from sensors and another internet of things (IoT) devices is being used to manage street lighting, ensure public safety. The onset of the pandemic has created a demand for contactless technologies.
- In the insurance sector also policy aggregator platforms, insurance-specific technologies for risk assessment claims, and customer care positively disrupted the industry. In numbers, this technology disruption was worth US$ 280 billion, which was the digital side's contribution to the industry turnover by the end of 2020. The macro market forces of Digital Insurance 3.0 are People, Market Boundaries, and Technology (Pradeep Satya, 2021)[14.]

11.4 Risk Management

During this pandemic period, many organizations have prioritized their risk management initiatives, creating pandemic awareness among their employees, the importance of safety and health and family wellbeing, extending support to the affected employees and families, etc. The companies have also evoked their Disaster Risk Planning and Mitigation activities ensuring their business operations were not affected which enabled the companies to get back to normalcy in a quick time.

Risk Management initiatives suggested in the area of Product Development are as indicated by Deloitte in its April 2020 report which said, "one has seen market volatility, uncertainty in consumer confidence and a reduction in consumer spending which could result in significantly lower new business volumes in the short term" (Deloitte 2020)9. Based on the feedback of the executives' survey, the following areas of Risk Management have gained importance for the organizations to combat disaster risk management including pandemic risks like Covid-19.

- To evolve an updated Business Continuity Plan (BCP).
- To evaluate the emerging new risks post-pandemic and increasing Cyber dependence.
- To devise appropriate Risk mitigation measures for effective management of pandemic risks like Covid-19.
- To review the underwriting and actuarial guidelines to bring out the necessary changes in the terms & conditions and the policy wordings of the existing products.
- To re-evaluate New Business guidelines including intermediary-related processes, guidelines and circulars, and customer relationship parameters and grievance redressal mechanism.
- To periodically monitor and review business and financial parameters that include investment performance, maintain adequate solvency margins, asset-liability management, etc.

Multiple studies have highlighted the importance of “Human wellbeing and inclusiveness alongside multi-hazard early warning systems must be incorporated in disaster management. The integrated risk management approach needs to be developed at the organizational level with commitment from executives, employees and society would help in building Resilience to combat the disaster risks. The most important aspect of risk management is a scaling up of multi-sector collaboration (Adil Ashraf, 2021)[15.]

Apart from the Risk Management relating to insurance business risks, human or employee health and wellbeing should be given higher priority, particularly managing work-life personal issues, family and social health, coping up with mental stress particularly during this pandemic period would not only help in improving the overall health of the employees but also motivate them to contribute for the organizational growth and success.

11.5 A Proactive Approach by the Regulator (IRDAI)

The proactive measures of IRDAI have strived to reduce the impact of the pandemic on the industry. In view of the Covid-19 pandemic, IRDAI designed a standard Covid specific product addressing basic health insurance needs of insuring the public with common policy wordings across the industry. Further, in the wake of surging new cases of the Covid-19 pandemic, the insurance regulator has permitted all life, general, and standalone health insurers to sell and renew short-term Covid specific policies till September 30 (IRDAI, 2020)[17].

The introduction of guidelines to standardize the general terms and clauses incorporated in indemnity-based Health Insurance [excluding Personal Accident (hereinafter called as PA) and Domestic/Overseas Travel] products by simplifying the wordings of general terms and clauses of the policy contracts ensured uniformity across the industry.

IRDAI expects demand for new covers like business interruption and cyber insurance, as cyber risks are increasing in the wake of the pandemic and the corresponding shift to work-from-home arrangements. This would have provided small businesses with up to 10 employees a minimum salary of Rs 6,500 for up to three months of the lockdown.

The (IRDAI) had formed a working group committee to have a relook at its information and security guidelines amid the exponential increase in cyber-attacks across the globe in the wake of covid-19. This situation has necessitated Regulators to re-look into their Cyber Security Guidelines applicable to all regulated entities to protect the financial systems.

Conclusion

The pandemic has impacted the whole economy affecting several sectors and industries more particularly travel, hospitality, personal service-oriented sectors more severely. However, the life insurance industry has successfully overcome the first wave and has not been adversely impacted. It can stay afloat rather than struggles like travel and hospitality sectors. Both the Life Insurance and the Health industry are providing a helping hand to people to overcome COVID-19 and in comparison, they have fared better than other financial sectors barring equities and mutual funds. This paper has discussed the various implications in terms of customizing the product offerings, standardizing the terms & conditions, and policy wordings normalizing the channel performance, particularly, adopting to direct marketing and online channels along with collaborating with e-channel partners like web aggregators, CSC, etc. However, the industry must build a strong disaster resilience with effective Risk Management/Mitigation measures with a quick DRR system to overcome any such pandemic quickly and bring back the operations to the normal path. The industry must quickly upgrade their technological applications with automated cognitive automated solutions using AI & DL algorithms, adopting Blockchain technologies to foster the product and service innovations keeping in mind the changing needs of the people as the result of the pandemic would drive them strongly on to faster growth.

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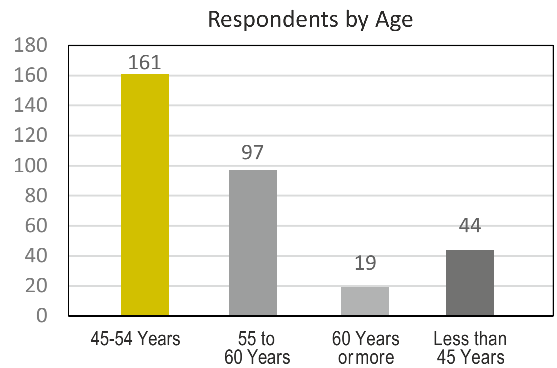
Annexure: Demographics of Respondents

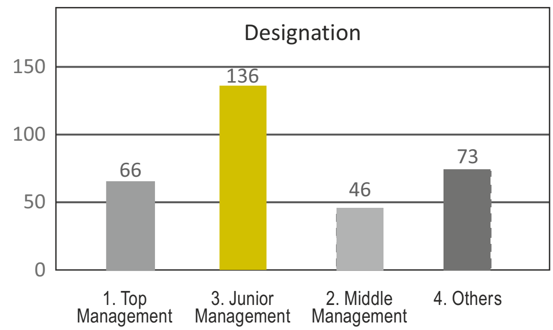
a) Age:

Respondents Age	Total
45-54 Years	161
55 to 60 Years	97
60 Years or more	19
Less than 45 Years	44
Grand Total	**321**



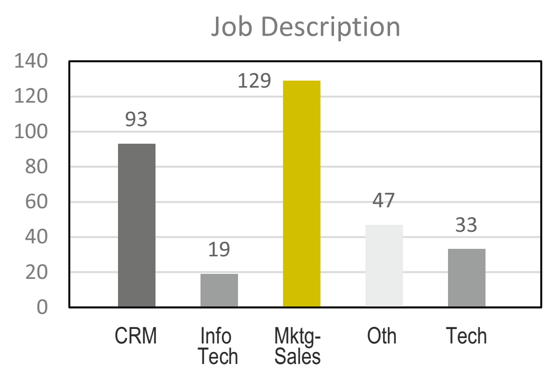
b) Designation - Category:

Respondents Designation - Category	Total
1. Top Management	66
3. Junior Management	136
2. Middle Management	46
4. Others	73
Grand Total	**321**



d) Job Description:

Respondents Job-Description	Total
CRM	93
Info Tech	19
Mktg-Sales	129
Oth	47
Tech	33
Grand Total	**321**



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