

IMPACT OF COVID19 IN THE HEALTH INSURANCE SECTOR OF KERALA- WHAT INSURANCE COMPANIES CAN DO?

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ABSTRACT

COVID 19 is a world pandemic situation which is never experienced by the people before. In India, around three crore people is infected by Corona virus and around four lakh people died. Because of high death rate and speedy transmission of virus, people are afraid of their health and lives. High population and increasing number of patients makes the problem more critical. Indians were not much aware and less interested in health insurance as compared to foreigners. Kerala was a state which reports large number of COVID cases. Expensive treatment, fear of death and some other reasons due to COVID 19 will have been changed the attitude of people towards health insurance. Many insurance companies were introduced customised plans to cover COVID 19. This study is an attempt to analyse the change in the attitude of people towards health insurance due to COVID 19 and its impact on the health insurance sector. It also recommends what insurance companies can do further to attract more people .

Keywords: Covid-19, Health, Insurance, Companies, Customers.

INTRODUCTION

Covid 19 is a world pandemic situation which is never experienced by the people before. In the world, around 18 crore people were infected by Corona virus and around 40 lakh people were died. India is the second largest nation in terms of population. Because of the large population and poor infrastructure facilities in most of the states, made the problem more challenging and critical. In India, three crore people were infected by Corona virus and around four lakh people were died. India is not recovered from the effect of COVID 19 till now. Expensive treatment in private hospitals and poor facilities in the Government hospitals affected people who have infected Corona disease.

Kerala is one of the states in India which has attained achievements in many areas like high adult literacy rate, high life expectancy and low infant mortality as compared to national standards. But, Kerala needs to improve in some areas like Gross State Product (GSP), Per Capita Income etc. Recently, Kerala is the state which reports large number of COVID cases.

In India, people were not much aware and less interested in health insurance as compared to foreigners. The situation is similar in Kerala too. Expensive treatment, fear of death and some other reasons due to COVID 19 will have been changed the attitude of people towards health insurance. Many insurance companies were introduced customised plans to cover COVID 19. Major companies providing health insurance service in Kerala are Max Bupa, Star Health, Apollo health, Aditya Birla, HDFC Ergo, SBI Health etc.

This study is an attempt to analyse the change in the attitude of people towards health insurance due to COVID 19 and its impact on the health insurance sector and recommend what insurance companies can do further to attract more people towards the sector.

REVIEW OF LITERATURE

Babuna Pius, Xiaohua Yang et al (2020) have analysed the impact of Covid 19 with comparison to other pandemics including H1N1, MERS and SARS0- CoB on the insurance sector of Ghana. For this study, data have been collected from various insurance companies, Ghana Health Service (GHS), World Health Organization (WHO), Ghana Statistical Service Department (GSS), Ghana National Insurance Commission (NIC), Ghana Labour Commission (LC) and Ghana National Health Insurance Authority (NHIA). They observed that, claims were increased by 38.4% and profit of the insurance companies were decreased by 17.01% due to Covid 19. Many companies reduced their market share. Insurance companies simplified their claiming process and framed new rules to help the policy holders. Due to social distancing and

other regulations payment premium and claims become online.

Kumar Das and Shalini Patnaik (2020) have observed the impact of Covid in different sectors of Indian economy like consumer and retail business, automobile, power, telecom, aviation and tourism, food and agriculture and transportation and logistics. They analysed that domestic demand decreased due to job losses and pay cuts. Covid pandemic leads to four percent loss in GDP. Many retail shops were closed and the livelihoods of workers are at a high risk. Many companies allowed their workers to work from home. Many countries provide financial support to their employees to cover their shortage in income due to loss of job or pay cut. They have suggested to provide relaxation in duties of essential commodities, repayment support scheme for automobile, advanced training in the workers of power sector, implementation of 5G in the telecom sector, GST relief to tourism sector, movement of food and agricultural products using existing infrastructure of GST and Fastag, fair and transparent pricing in the transportation sector and so on.

Wang Yating, Donghao Zhang and et. al. (2020) have studied the impact of Covid 19 in the China's insurance market. They analysed that, insurance premium, monthly growth rate of premium, insurance density and insurance depth are all decreased. They also analysed that by improving social security and digital insurance can improve the insurance market. COVID 19 has been affected the Chinese insurance market severely. The gross rate of premium in first quarter of 2019 was 15.8%, while the rate was 6.27% in the first quarter of 2020 . To study the impact they employ monthly provincial level panel data and fixed effective models. They have found that due to limitation of insurance marketing channels and suppression of household insurance demand the insurance market affected badly. They have used 29 provinces, municipalities and autonomous region of mainland China of the first quarters of 2018, 2019 and 2020 for the data collection. Covid 19 also increased the health care activities so the health insurance premium grows after the outbreak.

Choi SE, L Simon CA Riedy ,JR Barrow (2021) have modelled the impact of Covid 19 on dental insurance coverage and utilization. They have collected data from National Association of (2019) and number of unemployment claims since March 2020 from the US Bureau of Labour Statistics. Because of the increase in unemployment rate due to Covid 19 in the united state, many employees were lost their employer sponsored dental insurance and half of the employees

were unemployed. It leads to a decrease in dental insurance. Out of these unemployed, 45% are enrolled in the state's medicare and children's health insurance programme. It changed the dental service utilization and dental related emergency department visits.

Farooq Umar, Adeel Nasir et. al. (2021) have studied the impact of Covid 19 on abnormal returns of insurance firms of 958 insurance companies from Australia, Canada, Germany, USA, UK, Brazil, India and Indonesia by analysing the stock returns both in short and long term. And they found that Covid 19 affected the stock returns of insurance companies especially in developing countries. The major factors which affected the intensity of abnormal returns were firm's size, market risk, PE ratio, profitability and dividend yield.

Stojkoski Viktor, Petar Jolakoski et. al. (2020) studied the short-term impact of Covid 19 on the social and economic actions of insurance industry in the Republic of North Macebonia. They found that, during the first half of 2020 the activity in Gross Claims Paid (GCP) and Gross Written Premium (GWP) decreased by 10% more than expected when analysing 11 classes of insurance. The expected loss will be in the industry around 8.3 million EUR which is more than the reserve that Insurance Supervision Agency kept for companies to crisis. They measured the impact of crisis as the difference between the behaviour of GCP and GWP in the presence and absence of Covid. The insurance protection gap in the developing and emerging countries is large because, fall in the combined insurance premium of these countries' share in the global GDP.

Fareed Zeeshan & Najaf Iqbal (2020) have made a comparison of Covid 19 and insurance market returns in emerging and developed markets based on wavelet methods and analysed daily observations from 22nd January 2020 to 14th September 2020. The outbreak of Covid 19 is found to be asymmetric on insurance returns in varying time-frequency combinations. Low profitability of insurance companies caused by low interest rate and need policy measures to support the insurance industry.

OBJECTIVES

1. To analyse the preference of people towards health insurance and the relationship between demographic factors like age, gender, family income and occupation.
2. To analyse the change in the attitude of people towards health insurance due to COVID 19 and its impact on the health insurance sector of Kerala.

METHODOLOGY OF THE STUDY

Nature of the study

This study is purely analytical and empirical in nature.

Sample

For this study, data collected from 100 health insurance policy holders and 10 health insurance advisors using convenience sampling method..

Materials and Procedures

Primary data were collected from respondents using structured questionnaire.

RESULTS & DISCUSSIONS

Table 1: Classification of respondents on the basis of demographic factors

Category	No. of respondents	Percentage
1. Age		
Below 15	6	06.00 %
16 – 30	30	30.00 %
31 – 45	42	42.00 %
46 – 60	17	17.00 %
Above 60	5	05.00 %
Total	100	100.00%
2. Gender		
Male	58	58.00%
Female	42	42.00%
Total	100	100.00%
3. Occupation		
Business men	12	12.00%
Professionals	22	22.00%
Govt. Employees	15	15.00%
Private sector employees	41	41.00%
Self employed & Farmers	6	06.00%
Students	4	04.00%
Total	100	100.00%

4. Annual Income of Family		
Less than 1,50,000	5	05.00%
1,50,000 – 3,00,000	15	15.00%
3,00,000 – 4,50,000	27	27.00%
4,50,000 – 6,00,000	33	33.00%
Above 6,00,000	20	20.00 %
Total	100	100.00%

Source: Primary data

Age group 31 – 45 (42%) have more preference towards health insurance followed by 16-30 (30%). People belong to age group below 15 and above 60 have preferred least. Since the amount of premium is too high, aged people (above 60) has less interested towards health insurance.

Males prefer health insurance than females. As compared to females, males got more income because their employment rate is high. As compared to females, males got more income because their employment rate is high and they need to travel and interact with many people. Most of them have taken family insurance schemes which covered their family members also.

Private sector employees (41%) have more preference towards health insurance followed by Professionals (22%). Government employees have government sponsored life and health insurance schemes which are less costly than other insurance schemes. Self employed, farmers and students have very less preference towards health insurance. Self employed and farmers are less educated and unaware about health insurance schemes and they have low income. Health insurance premium is not affordable to low income category and in most of the cases they depend on public health centres.

Annual family income between Rs.4,50,000 and Rs.6,00,000 have more preference towards health insurance followed by Rs.3,00,000 to Rs.4,50,000. Annual income below Rs 3,00,000 have very less preference towards health insurance because of high premium.

Table 2: Health Insurance service provider, premium & Coverage

	No. of respondents	Percentage
1. Insurance Service Provider		
Max Bupa	35	35.00 %
Star Health	18	18.00%
Apollo Health	17	17.00%
Aditya Birla	10	10.00%
HDFC Ergo	6	06.00%
SBI Health	5	05.00%
Others	9	09.00%
Total	100	100.00 %
2. Annual premium		
Below 10,000	27	27.00%
10,000 – 30,000	42	42.00%
30,000 – 50,000	28	28.00%
50,000 – 1,00,000	3	03.00%
Total	100	100.00%
3. Health insurance coverage		
Below 2,00,000	26	26.00%
2,00,000 – 5,00,000	38	38.00%
5,00,000 - 10,00,000	28	28.00%
10,00,000 – 20,00,000	5	05.00%
Above 20,00,000	3	03.00%
Total	100	100.00%

Source: Primary data

When analysing the number of health insurance policy holders ‘Max Bupa’(35%) has high demand among people followed by Star health (18%) and Apollo health (17%). Many other companies working in the field are Aditya Birla, HDFC Ergo, SBI Health and so on.

Most of the people choose plans, whose annual premium between Rs.10,000 to Rs.30,000 (42%) followed by premium category Rs.30,000 to Rs.50,000 (28%) and below Rs.10,000 (27%). Most of the people preferred insurance plans which have coverage of Rs.2,00,000 to Rs.5,00,000 (38%) followed by amount of coverage Rs.5,00,000 to Rs.10,00,000 (28%) and below 2,00,000 (26%).

Health Insurance coverage before Covid 19

Out of 100 respondents 42 (42%) have health insurance before Covid 19 but 58 (58%) get insured after reporting Covid 19. When analysing the existing health insurance policy holders (42), it is found that, 26 (62%) have satisfied and continue with existing health insurance plan. 10 (24%) added Covid 19 Coverage to the existing plan by paying additional premium and 6 (14%) have opted separate health insurance plan for Covid 19.

Health Insurance coverage after Covid 19

Out of 100 respondents 58 (58%) have taken health insurance policy after reporting Covid 19 in Kerala. Out of these, a few (4) were opted the health insurance policy which has only Covid 19 coverage. Most of them (54) opted health insurance plan which has coverage on all health problems including Covid 19.

Family Insurance

Before Covid 19, only 38% (22) preferred family health insurance plans. After Covid 19 around 60% (35) preferred family health insurance plans.

Cashless facility Vs Reimbursement

Most of the people (65%) preferred cashless facility than reimbursement. Under cashless facility insurance company settles the medical bills with the hospital. But, in case of reimbursement, an insured have to pay from his pocket first and then claim the money from insurance company. Insurance companies have tie-up with some hospitals. If an insured take treatment in a hospital which has a tie-up with insurance company, insured will get cash-less facility. Otherwise, he can claim for reimbursement.

People have preference while choosing a hospital for treatment. While selecting an insurance service provider, people will check whether the insurance company has tie-up with his preferred and nearest hospital for availing cash-less facility.

Claim

To receive health insurance claim, a policy holder need to admit in a hospital at least 24 hours for treatment. Some health insurance companies give a fixed agreed sum as claim to the policy holders, if he has infected Covid 19 and admitted in a hospital at least 24 hours. But, these types of policies are issued by some small private sector health insurance companies and very few public sector companies like Oriental insurance. But, these companies market share in the entire health insurance sector is very low. Only 6% of respondents has opted such type of policies. All others have opted health insurance plans which provides claims to the policy holders limited to the amount of coverage. Most of the policy holders opted insurance plans which have coverage

from Rs.2,00,000 to Rs.5,00,000.

Health insurance sector of Kerala

Many companies in foreign nations fall in to heavy losses due to the payment of claim to health insurance policy holders during Covid 19. In those nations, major portion of their population got insured and most of them infected Covid 19 and most of them policy have claimed.

India is the second largest population in the world. In India, very low percentage of people has health insurance coverage. In India, density of Corona patients who are admitted in the hospital is less as compared to our large population. In Kerala also, very less number of people who are having health insurance coverage admitted in hospitals due to Covid 19. Now there is a significant increase in the number of policy holders due to Covid 19 and it increases the profitability of health insurance companies.

Hypothesis Testing

H0- There is no significant difference between number of policy taken by male and female before and after Covid 19.

H1- There is a significant difference between number of policy taken by male and female before and after Covid 19.

	Before	After	
Male	24	38	62
Female	18	20	38
	42	58	N= 100

Chi-square test

Expected Value	Observed Value	(O-E)2	(O-E)2/E
26.04	24	4.16	0.5981
15.98	18	4.08	0.2553
35.96	38	4.16	0.1157
22.04	20	4.16	0.1889
Test statistics			0.7196

Degree of freedom (r-1) (c-1)

$$(2-1) (2-1) = 1$$

Level of significance = 0.05

Table value = 3.841

Here, table value is greater than test statistics. So accept Null hypothesis (H₀).

IMPLICATIONS OF THE STUDY

1. This study is helpful to the health insurance companies to understand the relationship between demographic factors and preference towards health insurance and they can concentrate on people belonging to less preferred category.
2. In this pandemic situation, health insurance coverage is a necessity. By depicting an increase in the number of health insurance policy holders during Covid 19, this study promote the uninsured to get insured.
3. This study and reviewed literatures help the government to understand the need and importance of health insurance during Covid 19 and promote people to take health insurance policies in this pandemic situation.

CONCLUSIONS

Recently, Kerala is the state which reports large number of COVID-19 cases. Expensive treatment, fear of death and some other reasons due to COVID 19 will have been changed the attitude of people towards health insurance.

Age group 31 – 45 have more preference towards health insurance followed by 16-30. People belong to age group below 15 and above 60 have preferred least. Since the amount of premium is too high, aged people have less interest towards health insurance. Males prefer health insurance than females. Most of them have taken family insurance schemes which covered their family members also. But, there is no significant difference between number of policy taken by male and female before and after Covid 19. Private sector employees have more preference towards health insurance followed by Professionals. Government employees have government sponsored life and health insurance schemes which are less costly than other insurance schemes. Self employed, farmers and students have very less preference towards health insurance. Annual family income between Rs.4,50,000 and Rs.6,00,000 have more preference towards health insurance followed by Rs.3,00,000 to Rs.4,50,000. Annual income below Rs 3,00,000 have very less preference towards health insurance because of high premium.

When analysing the number of health insurance policy holders ‘Max Bupa’ has high demand among people followed by Star health and Apollo health. Most of the people choose plans, whose annual premium between Rs.10,000 to Rs.30,000 followed by premium category Rs.30,000 to Rs.50,000 and below Rs.10,000. There is a significant increase in the number of policy holders after Covid 19. Most of the people preferred cashless facility than reimbursement.

Now the number of policy holders is increasing due to Covid 19 and it increases the profitability of health insurance companies in Kerala.

RECOMMENDATIONS

1. Health insurance companies need to concentrate on uneducated and low income category people while promoting their insurance plans.
2. Insurance companies need to introduce lower premium plans for the low income people and aware them about the necessity of health insurance in this pandemic situation as a part of their social responsibility.
3. In this situation of increasing Covid cases, government needs to promote health insurance business and promote people to take health insurance policies. Government can introduce less premium health insurance plans in collaboration with any public or private sector health insurance companies for the poor.

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