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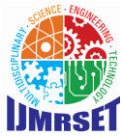
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Role of Insurance in Perspective of Policies and Settlement of Claims in Corona Pandemic

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ABSTRACT: The spread of COVID-19 and the measures implemented to reduce its transmission are having (and will continue to have) significant impacts on the (re)insurance sector, as investors, as providers of insurance coverage and as businesses that will need to adapt their approaches to service delivery. This report provides an overview of the measures that governments, insurance regulators and supervisors and insurance associations and individual companies have taken to respond to COVID-19 across three main areas: (i) ensuring continuity of operations; (ii) managing solvency and liquidity risks; and (iii) providing support to policyholders that have been adversely affected by the COVID-19 public health emergency. Ever since the World Health Organisation (WHO) declared COVID-19 as a global pandemic on March 11, 2020, businesses and individuals have suffered huge losses and insurance claims are at an all time high.

Industries across the globe often opt for “Industrial All Risk” policies. In India, most businesses opt for “Standard Fire Special Perils” policies through a general insurer to hedge the risk of these kinds of losses. Policies commonly cover Material Damage and Business Interruptions.

Traditionally, an insured would opt for such a policy to cover physical damage to the property or equipment due to occurrence of an insured peril. Business Interruptions insurance is given in combination with **Material Damage insurance** to cover loss of revenue while the business operations remain suspended on account of the physical damage to the property or equipments. In these times, there are a number of arguments insurers may use to reject COVID-19 related claims.

Price optimisation for any risk is primarily achieved through data analysis and forecasting. However, last year, insurance companies had to suddenly evolve and adapt to offer protection against a virus, which did not exist until it took the world by storm! The insurers have done a remarkable job given the sketchy data, need for speed, and consumer expectations leading to an altogether new product pricing methodology. That done, the insurance industry has provided what only they can provide: peace of mind through efficient risk management.

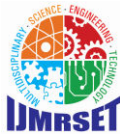
I. INTRODUCTION

Insurance risk managers have some important tools within their **Enterprise Risk Management (ERM)** framework to manage potential crisis scenarios (see, e.g., Wilson 2015, 2013). The most important of these include underwriting and loss accumulation limitations at the policy level and scenario analysis [1] to assess and manage the resiliency to complex accumulations of risks. Both are focused on building resiliency by creating favorable initial conditions as well as the optionality to exercise effective contingency measures.

Most insurance service providers have now started covering the medical expenses and treatment for COVID – 19 in their policies. In light thereof, Insurance Regulatory and Development Authority of India (IRDA) has issued guidelines IRDAI/HLT/REG/CIR/054/03/2020 dated 04.03.2020 and vide Circular no. IRDAI/INSP/CIR/MISC/077/03/2020 dated 30.03.2020 for meeting health insurance requirements of various sections and has advised the insurance companies to design products covering the costs of treatment for COVID – 19.

The Ministry of Health and Family Welfare in its Press Release on 26.03.2020, under the umbrella of **Pradhan Mantri Garib Kalyan Package**, announced an insurance cover of Rs. 50 Lakhs for a period of 90 days to public healthcare providers including community health workers, who may have to be in direct contact and care of COVID – 19 patients and who may be at risk of being impacted by this.

The said insurance cover also includes accidental loss of life on account of contracting COVID – 19. The insurance provided under this scheme would be over and above any other insurance cover availed of by the beneficiary.



The pandemic has pushed businesses across sectors to change the way they operate and the insurance industry is no exception. From selling new policies to settling claims, the extended lockdown in the wake of covid-19 has pushed insurance companies to depend heavily on their digital architecture.[2]

A report by professional services firm PwC, titled *Covid-19: Impact on the Indian Insurance Industry*, says that the two productive months for the insurance industry—March for life insurance and April for non-life corporate renewals—have been hit by around 30% and 15%, respectively. It further emphasizes the changes insurers will have to bring about in terms of their product categories.

II. DISCUSSION

With the recent outbreak of coronavirus, an increasing number of people have become more aware of insurance. Many of them also consider insurance as a necessity to be ready in case of any other unforeseen circumstances in the future. But this wasn't always the case. Before the outbreak of COVID-19 in India, only a meagre 10% of people showed interest in purchasing insurance to cover medical emergencies, including pandemics and infectious diseases. Now, however, 71% of people consider it a necessity¹.

Looking at these changes, the insurance companies have also brought about some changes in term insurance. Insurance companies have created products for a world where virus outbreaks could be the new normal. Moreover, many businesses had to shut down or endure major losses during the COVID-19 crisis. While these policies might not be cheap, they offer businesses a chance to pull through disruptions like this in the future.[3]

The coronavirus pandemic has forced many companies across different sectors to change the way they operate. The insurance industry is no different. Here are the term insurance trends that we have seen this year:

- **Cover for Pandemics:**

With coronavirus ravaging through this world and causing a pandemic, 2020 has been a rough year for many. To ensure that policyholders are protected in the future, many insurers have been offering protection against such diseases caused by viruses. This can be seen as a change in term insurance.

- **Customer-Focused Solutions:**

Insurance companies used to have a more one-size-fits-all kind of approach, but that is not the case anymore. Customers have become more aware than ever and expect solutions customized for their requirements. To meet customer expectations, insurers are offering tailor-made policies. This is one of the term insurance trends that we will see going forward.

- **Digital Access:**

With coronavirus cases increasing every day, there has been a substantial rise in online transactions and deals made online. An increasing amount of people are buying things online, and that goes for insurance as well. This is a major change in the term insurance industry. Online insurance means policyholders can make their payments online and upload their documents from the safety and comfort of their own homes.

- **Enhanced Claim Settling:**

Along with digitalization and customer-centric solutions, insurance companies in 2020 will see an enhanced claim settlement mechanism as well. Now, claims can be raised faster, and policyholders can simply upload the documents required. Insurers can use this to increase their efficiency and settle claims faster and with more efficiency.

- **Increased Options & Benefits:**

As the number of potential policyholders increases the competition among insurers will also grow. As a result, different kinds of policies be introduced along with riders and special benefits. Insurance companies will try to beat out the competition by offering added benefits to new customers.[4]

Term Insurance:

According to a PwC report, pure life covers are seeing renewed interest, and since term insurance is largely an online market, it will see a boost in its demand². There has been a greater awareness about being protected and protecting your loved ones since the pandemic hit.

- Customers are more inclined to purchase term plans. However, there will be an aversion against going for higher cover amounts as the cash position of people might be unstable in these times. Moreover, higher covers bring medical tests, which people are reluctant to do.
- Therefore, a temporary slump in sales activity is forecasted. That is the change in term insurance we will see.[5]



III. RESULTS

In these pandemic times, it is difficult to cope with what the new normal is. Wearing a mask every time you leave the house, sanitize multiple times a day, wash hands frequently, and so on. In the insurance industry as well, we have noticed plenty of changes in term insurance and other financial instruments. The term insurance trends are looking positive, but we would advise others to wait patiently as coronavirus runs its course and vaccines are developed. Only then true normalcy can be achieved.

Coronavirus and the lockdown that follows have changed a lot in a short time. It is important to note how businesses operate, how they reach customers, and how they create new offerings to better suit the market needs. The Insurance sector is no different. **Insurance is moving most of its business online** where it can cater to customers within the safety of their own homes. Insurance companies are bringing about a change in term insurance, and new term insurance trends can be witnessed each day.[6]

India is facing an intense wave of Covid-19 with daily cases rising at an alarming pace. The country has been reporting over three lakh daily cases for the past few days, leading to an unprecedented spike in hospitalisations.

On Monday, the country reported over 3.52 lakh cases in 24 hours and 2,812 deaths. Though experts say that cases are predicted to fall over the next few weeks, the situation remains grim.

As India continues to witness a surge in severe Covid-19 cases, countless families have been hit financially due to high treatment cost at most private hospitals. Many people are wondering if their existing health insurance policies will be enough to meet Covid-19 treatment costs in case of hospitalisation.

Companies started offering **specific health insurance plans for Covid-19** from 2020. Most Covid-19 health insurance policies are designed to cover the hospitalisation expenses of policyholders. Many of these Covid-19 health insurance plans will be available from the day a policyholder tests positive. Individuals should note that Covid-19 does not fall under pre-existing illness.

Individuals who have already got Covid-19 health insurance should recheck if their plans are comprehensive and cover pre and post-hospitalisation expenses.[5,6]

IV. CONCLUSION

Manage your entire claims process in one location, from charge capture to reimbursement. Tools you need to make billing & collections more convenient, intuitive & productive. **For Medical Practices. Integrated Billing. Cost-Effective Solution.** EHR. Services: Optimize Revenue, Automate Manual Processes, Service Catalog, Payment Processing, Analytics & Reporting, A/R Control Center. Healthcare is one of the largest and fastest-growing sectors of the American economy. Americans spend almost \$8,000 annually per capita on healthcare, and a significant portion of that sum is spent on health insurance.. How Health Insurance Works. Essentially, health insurance subscribers enter into an arrangement with a health insurance company in order to reduce the impact of the cost of medical expenses. In essence, claims processing refers to the insurance company's procedure to check the claim requests for adequate information, validation, justification and authenticity. At the end of this process, the insurance company may reimburse the money to the healthcare provider in whole or in part. In large healthcare systems, one or more employees may be assigned exclusively to handle the processing of health insurance claims.[6]

A large portion of the population maintains healthcare insurance in order to be protected from major financial loss from medical bills. Insurance claims is a complicated endeavor requiring great skill and accuracy. Insurance claims process for maturity claims: Maturity claims are initiated by the insurance company itself as the policy approached maturity You have to submit a maturity discharge form and the policy bond to receive the claim Once the documents are submitted, the claim would be credited to your bank account. Invensis Technologies is an expert **Medical Insurance Claims Processing Outsourcing Services** company. We empower health insurance payers to efficiently streamline the data processing aspect of the diverse insurance claim forms that are received from healthcare providers. We are ISO 9001 and 27001 certified and have achieved HIPAA compliance. Health Insurance Claim Process. Claim Settlement Process for Cashless Claims. The general procedure to avail cashless claim for a health insurance policy is: Contact the insurance help desk at the hospital. Show the ID card of the insured, provided by the health insurance provider, for the purpose of identification. The hospital will verify the identity of the insured and will submit the pre-authorization form to the health insurance provider of the insured[7].



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