“The Impact of COVID-19 in Indian Economy with Reference to Insurance Sector”

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Abstract

COVID-19 makes a massive impact in world economic system. Indian economic system is going through negativity as well as positively effect during COVID-19. There are numerous sectors that are declining at this factor and also it influences at the manpower of the corporations. In India there are a few sectors which might be performing accurate and generating revenue for the organization and assist in the economic system of the country. Sectors like Insurance, Ed-tech and healthcare (PPE kit & masks) having boom in their business. Seeing pandemic situation coverage companies providing COVID-19 claims. This descriptive studies research and analysis the effect of COVID-19 in Indian economy in regards to coverage sector. In this research we are going to discover how the peoples of Kanpur react on coverage at some point of COVID-19. With the assist of a few statistical equipment like average, sum and ANOVA we are going to discover COVID-19 effect on insurance agencies and how it's far helpful to grow their business.

Key word: - COVID -19, Insurance, Economy
Introduction

The COVID-19 virus have created a huge impact over the Economy and changed the Market situation completely. This situation also affect one of the major sector of economy which is Insurance. The Insurance sector based upon the risk management system. The basic concept of Insurance is minimize the risk by providing financial remedy on uncertain loss-causing incident in the future. Insurance sector is also provided the ground for the safe play to investor for long period such as infrastructure development. The Area in which Insurance sector was working before COVID-19 was legacy planning, Health insurance cover medical cost, Accident Insurance related to all valuable things and goods. Basically the insurance sector divided by two major part one is Life Insurance another is Non-Life Insurance. Before COVID-19 the market share of private sector in the non-life insurance was 54.68% in FY19 (as of Jan ’19) and in the Life insurance sector it was 33.74% in FY 19 (as of Jan ’19). After this COVID-19 declared as Pandemic by world health organization (WHO), The Insurance Regulatory and Development Authority of India (IRDA) issued circular related to policies design by the insurance companies for Coronavirus treatment cover. After This COVID-19 situation got vital the market of Life insurance getting increased day by day. Most Insurance service provider started covering the expenses of treatment for COVID-19. Now the online procedure of insurance being increased by 25% compare to offline method in health Insurance. But there is some factor which is negatively involve related to Insurance sector. Due to this Outbreak situation people have to stay at home so there is very negative impact upon Non-life insurance sector and also Insurance company has much risk because there is not certain treatment of COVID-19, So there is more probability of loss for the company. For overcome to this situation Insurance Company Offering covers to senior citizens with the condition of 30-50 percent higher premiums charged.

Literature Review:

JORDAN KJOSEVSKI (2011): There are three types of insurance variables: life insurance, non-life insurance and total insurance penetration. Insurance sector makes a positive impact on economy. Life insurance makes a negative impact on economic growth but total insurance and non-life insurance makes a positive impact in the economy.

Oke, Michael Ojo (2012): Insurance sector impacts positively and significantly growth and develop in economic growth. The impact of insurance sector on economic growth is limited and indirectly impact on it because of some culture, attitude trait and values in the country.

Marijana Ćurak, Sandra Lončar, Klime Poposki (2009): All three types of insurance life insurance, non-life insurance and total insurance affects positively and significantly in the development of economy.
Objective of the study:

The specific objectives are

- We are going to find out impact of COVID-19 in insurance sector.

Research Methodology:

This study is designed in nature and based on quantitative analysis. All the main insurance companies like LIC, Max Life are selected. Source of data collection was peoples of Kanpur. Moreover the collected data suitably rearrange, classified and tabulated according to the need of the study.

For analyzing the data statistical tool such as average is used. In addition to this, ANOVA test was applied to find out the effect of demographic factors on insurance company after COVID-19.

Results and discussion:

Various factors like COVID-19, demographic factors are calculated to examine the impact on people towards insurance.

- Average no of members in a family is almost 5.
- Average no of people insured before COVID-19 is almost 2 per family.
- The total average no of people after COVID-19 who insured is 3 per family.
- Most preferred insurance company before and after COVID-19 is LIC by the respondents.
- Average income of respondents is between 250000-350000.
After COVID-19, have you thought to go for insurance? The result is summarized in Table 1. We can see that the significance level is \(0.0006 (p=0.0006)\), which is less than 0.05. Hence, \text{hypothesis was accepted}. This showed that the age of the respondents do have effect on after COVID-19 have you thought to go for insurance.

Table: 2

<table>
<thead>
<tr>
<th>Groups</th>
<th>Count</th>
<th>Sum</th>
<th>Average</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>After COVID-19, have you thought to go for insurance</td>
<td>52</td>
<td>126</td>
<td>2.423077</td>
<td>1.464555</td>
</tr>
<tr>
<td>Occupation</td>
<td>52</td>
<td>123</td>
<td>2.365385</td>
<td>2.510935</td>
</tr>
</tbody>
</table>

One way ANOVA was used to examine the relationship between Age and After COVID-19 have you thought to go for insurance? The result is summarized in Table 1. We can see that the significance level is \(0.0006 (p=0.0006)\), which is less than 0.05. Hence, \text{hypothesis was accepted}. This showed that the age of the respondents do have effect on after COVID-19 have you thought to go for insurance.
One way ANOVA was used to examine the relationship between occupation and After COVID-19 have you thought to go for insurance? The result is summarized in Table 2. We can see that the significance level is **0.835 (p=0.835)**, which is more than 0.05. Hence, **hypothesis was rejected**. This showed that the occupation of the respondents do not have effect on after COVID-19 have you thought to go for insurance.

### Table: 3

**Anova: Single Factor**

<table>
<thead>
<tr>
<th>Groups</th>
<th>Count</th>
<th>Sum</th>
<th>Average</th>
<th>Variance</th>
</tr>
</thead>
<tbody>
<tr>
<td>After COVID-19, have you thought to go for insurance</td>
<td>52</td>
<td>126</td>
<td>2.423077</td>
<td>1.464555</td>
</tr>
<tr>
<td>Income</td>
<td>52</td>
<td>119</td>
<td>2.288462</td>
<td>1.111237</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Source of Variation</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>P-value</th>
<th>F crit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Groups</td>
<td>0.471154</td>
<td>1</td>
<td>0.471154</td>
<td>0.365832</td>
<td>0.546628</td>
<td>3.934253</td>
</tr>
<tr>
<td>Within Groups</td>
<td>131.3654</td>
<td>102</td>
<td>1.287896</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>131.8365</td>
<td>103</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

One way ANOVA was used to examine the relationship between income and After COVID-19 have you thought to go for insurance? The result is summarized in Table 3. We can see that the significance level is **0.54 (p=0.54)**, which is more than 0.05. Hence, **hypothesis was rejected**. This showed that the income of the respondents do not have effect on after COVID-19 have you thought to go for insurance.

### Conclusion:

After the above analysis following conclusions have been drawn:

- During COVID-19 the insurance sector is generating revenues and contribute in the Indian economy and the most preferred company for insurance is LIC by the respondents.
- Demographic factors like income and occupation does not impact on respondent decision to take insurance but age is a factor which impacts on the decisions.
- There is an approximate 50% increase in taking insurance before and after COVID-19.
References:


