School of Business
Galgotias University
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RESEARCH PROJECT ON
IMPACT OF COVID-19 ON INSURANCE SECTOR

FOR THE PARTIAL FULFILLMENT OF THE REQUIREMENT
FOR THE AWARD OF
BACHELOR OF BUSINESS ADMINISTRATION

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UNDER THE GUIDANCE OF
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CERTIFICATE FROM FACULTY GUIDE

This is to certify that the project report (Impact of covid-19 on insurance sector) has been prepared by Mr. Suraj Singh and Mr. Suryansh Singh under my supervision and guidance. The project report is submitted towards the partial fulfilment of 3-year, full time Bachelor of Business Administration.

Name and Signature of Faculty:

Prof. Dharmendra Kumar
Sign:

Date: 20 March 2020

DECLARATION

I Suraj Singh 18GSOB1010048 and Suryansh Singh 18GSOB1010027, student of BBA of School of Business, Galgotias University, Greater Noida, hereby declare that the project report on “Impact of Covid 19 on Insurance Sector” is an original and authenticated work done by us.

I further declare that it has not been submitted elsewhere by any other person in any of the institutes for the award of any degree or diploma.

TITLE PAGE

This research examines the impact of covid-19 on insurance sector. I Suraj Singh along with my teammate Suryansh Singh, from Galgotias University student of BBA SEM 6(2020-21) conducted this research under the guidance of Prof. Dharmendra Kumar for the fulfilment of INDUSTRIAL RESEARCH PROJECT (BBAD 9999).

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EXECUTIVE SUMMARY

This study is about impact of covid 19 on insurance sector and the changes that had been brought in it, by changing need of customers. This change happened in the spec of 100 years. The study also has some future forecast regarding various products and shows how the sales will react in the future. By focusing on its strength its present client base, a new value priced product in the next year, insurance plan to increase gross sales by 10% and profit by 15%. There are two methods in used in completion of the project. One being secondary method and another being primary method. Although primary method one is used minorly and only to know changes in the situation of customer due to covid19.

This study involves certain things which changed the game in insurance sector specially in India. some of these things are introduction of FDI in insurance sector in the new budget. This study also describes the history and trends which drive the industry. The covid situation, this study shows the change in demand and supply due to pandemic.
NOTE: Most of the information is based on secondary data which do not consider newest trends, impact and aspects.

Introduction

Insurance in India refers to the insurance market in India, covering both private and public sector organizations. It was included in the seventh annex of the Indian Constitution and became the subject of the Union List, which means that it can only be legislated by the central government.

The insurance industry has gone through multiple stages, allowing private companies to apply for insurance and allowing foreign direct investment. India allowed private companies to enter the insurance industry in 2000, setting the upper limit of foreign direct investment at 26%, and in 2014 it increased to 49%. Since privatization in 2001, India's largest life insurance company is India, and Indian life insurance company's market share has gradually slipped to private giants such as HDFC Life, ICICI Prudential Life Insurance and SBI Life Insurance Company.

The insurance industry consists of companies that provide risk management in the form of insurance contracts. The basic concept of insurance is that one of the parties, the insurance company, will provide compensation for uncertain future events. At the same time, the other party, the insured or the policy holder, will pay the insurer a lower premium in exchange for this protection in the uncertain future.

LITERATURE REVIEW

India is one of the 15 economies most affected by COVID-19. A McKinsey report shows that to restore the country's GDP to its pre-COVID levels, it can be done as early as the fourth quarter of 2020 or the third quarter of 2022. The outbreak caused the global insurance index to fall by 22.6%, causing stock prices to fall by 25.9%. (India Infoline News Service| Mumbai| November 9,2020)

Private health insurance plans cover only 18% of the population in urban areas, while only 14% of the population in rural areas. "Since the risk of covid-19 is not currently priced in terms of effective products, these claims may place additional burdens on the books of insurance companies if they are treated outside of government hospitals. (Professional services firm, PWc)

A report by PricewaterhouseCoopers shows that interest in pure life insurance is re-emerging, and since term insurance is mainly an online market, its demand will increase. Since the pandemic, people have a greater awareness of protecting and protecting your loved ones. Customers are more inclined to purchase term plans. However, because people's cash situation may be unstable in the current period, people are unwilling to seek a higher amount of protection. Moreover, higher insurance coverage will lead to medical examinations that people are unwilling to perform.

As reinsurers increase premium rates, premiums in the term life insurance market have risen sharply. The free protection limit has also been greatly reduced. At the same time, IRDAI introduced retail standardized Covid insurance policies for all insurance companies. (The Print, Jayesh Gadekar)

The impact of COVID-19 on the global insurance market is mainly felt through asset risks (especially the turbulence of capital markets) and weaker premium growth prospects.
Most of the losses related to COVID-19 (business interruption, event cancellation, etc.) will be borne by reinsurers. Therefore, the technical performance of major insurance companies is unlikely to deteriorate significantly. Strict lock-in measures help maintain satisfactory performance, as automotive and medical claims have a positive impact on the loss rate. Due to the slowdown in economic growth, the developed markets, especially the living markets, may actually shrink. (S&P Global)
In FY20, the insurance non-life insurance business grew by 13% and the life insurance business grew by 18% year-on-year. Although awareness of health products has increased, renewal may be delayed due to a lack of funds in the hands of policyholders. The new savings business and the issuance of the P.C. business are also expected to weaken. Growth in the health sector of small and medium-sized enterprise groups may not exist in the short term. Claims are expected to increase in the short term, which also implies the possibility of a loss ratio. As interest rates fall sharply and credit spreads increase, the credit discount rate used to calculate mathematical reserves will reduce premium pressures. Opportunities to re-invest in maturing assets have also become difficult due to the prospect of a long-term low interest rate environment.
Capital will come under additional pressure as the level of growth will affect the absorption of overheads. In addition, asset values will decline as credit spreads widen and credit quality deteriorates. Potential losses faced by reinsurance companies increase recoverable credit risk and further hit asset values. All of this will have a negative impact on the solvency of all insurance companies. (Economic Times, BFSI, KPMG)

Insurance company types:

Not all insurance companies provide the same products or serve the same customer base. The most important categories of insurance companies are accident and health insurance companies; property insurance companies; and financial guarantors. The most common types of personal insurance are car, health, homeowner and life. In the United States, most people have at least one of these insurances, and the law requires auto insurance.
The accident and health company is probably the most famous. These companies include companies such as UnitedHealth Group, Anthem, Aetna and AFLAC, which aim to help people who have suffered physical injuries.

Life insurance companies mainly issue insurance policies and pay a one-time death insurance benefit to the beneficiary when the insured dies. A life insurance policy can be sold as term life insurance, which is cheaper and expires when the life insurance expires, or it can be permanent (usually whole life insurance or universal life insurance), which is more expensive but can be used for life and has cash. Cumulative component. Life insurance companies can also sell long-term disability insurance policies, which can replace the income of the insured if they are sick or disabled. Well-known life insurance companies include Northwestern Mutual, Guardian, Prudential and William Penn.

The property and casualty company ensures that no non-personal injury accidents will occur. This may include litigation, personal property damage, traffic accidents, etc. Large property insurance companies include State Farm, Nationwide and Allstate.
Companies need special types of insurance policies to cover specific types of risks faced by specific companies. For example, a fast food restaurant needs to develop a policy to cover damage or injury caused by cooking in a deep fryer. Auto dealerships will not be affected by such risks, but they do need to compensate for damage or injuries that may occur during the test drive.
There are also insurance policies for specific needs, such as kidnapping and ransom (K&R), medical malpractice and professional liability insurance, also known as error and omission insurance.
Some companies carry out reinsurance to reduce risks. Reinsurance is insurance purchased by insurance companies to protect themselves from excessive losses caused by high risks. Reinsurance is an indispensable part of insurance companies' efforts to maintain solvency and avoid defaults caused by payments. Regulators require reinsurance for companies of certain sizes and types.

For example, an insurance company might write too much hurricane insurance based on a model with a low probability of hurricanes hitting a geographic area. If something unthinkable happens when the hurricane hits the area, the insurance company may suffer huge losses. If there is no reinsurance to solve some of the risks, then once a natural disaster strikes, the insurance company may go bankrupt.

Mutual Insurance Company and Stock Insurance Company
According to the ownership structure of the organization, insurance companies are classified as shareholding or mutual assistance. There are some exceptions, such as "Blue Cross and Blue Shield" and fraternal groups with different structures. So far, joint-stock companies and joint companies are the most common ways for insurance companies to organize themselves.

In 2017, global mutual insurance companies accounted for 26.7% of the market share. In the United States, the market share of mutual insurance companies is 39.9%. 1
A joint-stock insurance company is a company owned by shareholders or shareholders whose purpose is to make money for them. Policyholders do not directly share the company's profits and losses. To become a joint-stock company, an insurer must have a minimum amount of capital and surplus on hand before obtaining approval from the national regulatory agency. If the company’s stock is publicly traded, other requirements must also be met. Some well-known American stock insurance companies include Allstate, MetLife and Prudential.

Objectives: -

• Understand the insurance industry.
•Understand the factors affecting the insurance industry
•Understand the future trends of the insurance industry

• Understand the upcoming challenges of the insurance industry
• Learn about products and services through well-known organizations in the insurance industry.
• Comparative analysis of insurance industry organizations (financial).
• The impact of Covid-19 on the insurance industry.
• Understand current customer sentiments and behaviors related to the insurance industry due to covid-19.

History

The history of this form of insurance can be traced back to 1818, when the Eastern Life Insurance Company was founded by Anita Bhavsar in Kolkata to meet the needs of European society. In the pre-independence era of India, the lives of foreigners (English) and Indians were discriminated against, and Indians paid higher premiums for this. In 1870, the Bombay Mutual Life Insurance Association became the first Indian insurance company.
At the beginning of the twentieth century, many insurance companies were established. In 1912, the Life Insurance Company Law and the Provident Fund Law were passed to regulate insurance business. The "Life Insurance Company Act of 1912" stipulates that insurance companies' premium rate tables and periodic valuations must be certified by actuaries. However, the gap still exists and is discrimination between Indian companies and foreign companies. The oldest existing insurance company in India is the National Insurance Company, which was established in 1906 and is still in business.

The Indian government issued an ordinance to nationalize the life insurance sector on January 19, 1956, and the life insurance company was established in the same year. The Life Insurance Company (LIC) has absorbed 154 Indian companies, 16 non-Indian company insurers and 75 provident fund associations-a total of 245 Indian and foreign insurers. In 1972, the Indian Parliament passed the General Insurance Business (Nationalization) Act. Therefore, since January 1, 1973, the general insurance business was nationalized. 107 insurance companies were merged and divided into four companies, namely National Insurance Company Ltd., the General Insurance Company of India was established in 1971 and started business on January 1, 1973.

LIC remained a monopoly in the late 1990s, when the insurance industry was reopened to the private sector. But now there are 23 private life insurance companies in India. Before that, the industry consisted of only two state insurance companies: Life Insurance Company (Indian Life Insurance Company, LIC) and General Insurance Company (Indian General Insurance Company, GIC). GIC has four subsidiaries. Since December 2000, these subsidiaries have been disconnected from the parent company and established independent insurance companies: Eastern Insurance Co., Ltd., New India Guarantee Co., Ltd., National Insurance Co., Ltd. and United India Insurance Company.

Industry Overview

India’s insurance industry has 57 insurance companies, of which 24 are engaged in life insurance business and 33 are non-life insurance companies. Among life insurance companies, the Life Insurance Company (LIC) is the only public sector company. There are six public sector insurance companies in the non-life insurance sector. In addition, there is a sole national reinsurance company, the General Insurance Company of India (GIC Re). Other stakeholders in the Indian insurance market include agents (individuals and companies) that provide services for health insurance claims, brokers, surveyors and third-party managers.

Market size

• In India, the overall market size of the insurance industry is expected to reach US$280 billion in 2020.
• The government's policy of providing insurance to uninsured persons has gradually promoted the penetration of insurance in the country and the proliferation of insurance plans.
The gross premiums charged by life insurance companies in India have increased from Rs. It was 2.56 trillion rupees (39.7 billion U.S. dollars) in the 2012 fiscal year. FY 2030 is 7.31 trillion U.S. dollars (94.7 billion U.S. dollars). From FY2012 to FY20, the premiums of Indian life insurance companies’ new businesses increased at a compound annual growth rate of 15%, reaching Rs. The 2020 fiscal year is 2.13 trillion U.S. dollars (37 billion U.S. dollars).
• India’s overall insurance penetration rate (insurance premiums as a percentage of GDP) rose from 2.71% in FY02 to 3.71% in FY19.
• Life insurance companies reported that in October 2020, the annualized personal premium equivalent (APE) increased by 14% year-on-year, compared with 4% in September 2020.
• The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to 56% in FY21 (by April 2020). In the field of life insurance, the market share of private companies in new businesses in FY20 was 31.3%.
• In October 2020, the premium income of health insurance increased by Rs. Rs 4,074.8 crore (USD 553.93 million), and Rs 38,406 million (USD 558.29 million), an increase of 6% year-on-year. The premium income of the retail health business also increased by 30%. 1982.6 million (US$269,690,000).
Investment and latest development
The following are some of the major investments and developments in the insurance industry in India.
The company is trying to use strategic partnerships to provide various services, as shown below:
• In December 2020, SBI General Insurance partnered with IntrCity RailYatri to provide domestic travel insurance for bus travelers. Under this partnership, SBI General Insurance will

provide a wide range of insurance including accidental death, permanent total disability and emergency evacuation.

• In December 2020, ICICI Lombard Insurance Company cooperated with Plum, India's fastest-growing employee health insurance startup, to reimagine and co-create India's first technology-supported health insurance product group. ICICI Lombard and Plum plan to use new technologies such as real-time pricing, onboarding, plan management and claims settlement to repair the four key elements of community health insurance.

• In November 2020, Bajaj Allianz General Insurance and Muthoot Finance joined forces to provide gold jewelry insurance. The plan plans to provide insurance to customers of gold jewellery when closing gold loans and releasing gold jewellery. As a loyalty program, it will provide insurance for Muthoot Finance's customers.

• On December 2, 2020, the International Financial Services Center Authority (IFSCA) obtained the membership of the International Association of Insurance Supervisors (IAIS).

• The British Financial Conduct Authority (FCA), the National Association of Insurance Commissioners (NIAC); the Federal Insurance Office of the United States Department of Treasury Insurance (FIO); the Monetary Authority of Singapore (MAS); the main members of IAIS include India's Indian insurance supervision And Growth Authority (IRDAI).

In November 2020, HDFC ERGO General Insurance Company and NSDL Payments Bank Limited, National Securities Depository Ltd (NSDL) Subsidiary, collaborated to offer customers a full range of general insurance products. This partnership intends to integrate NSDL Payments Bank's broad distribution network and HDFC ERGO's wide innovation pipeline to contribute to financial inclusion in the country.

In November 2020, Life Insurance Corporation of India launched its first software application, ANANDA, an acronym for 'Atmanirbhar Agents New Business Digital App' or the on-boarding process with the aid of the agent/broker to get life insurance policy through paperless module.

Government initiatives: -

The Indian government has taken many initiatives to promote the insurance industry. Some of them are as follows:

• According to the Federal Budget 2019-20, insurance intermediaries can allow 100% foreign direct investment (FDI).

• In December 2020, Uttarakhand announced a plan to provide international tourists with a "COVID-19 Insurance Policy". A proposal has been submitted to Federal Minister of Tourism Prahlad Patel (Prahlad Patel) to introduce a special life insurance policy for foreign tourists.

• On December 3, 2020, IRDAI announced a one-time approval of fees up to 5% of the current premium rate to change the basic premium. This is to ensure the feasibility and longevity of a smooth transition of existing products.

• In November 2020, India Post Payment Bank (IPPB) cooperated with PNB Metropolitan Life Insurance Company of India to announce the launch of Pradhan Mantri Jeevan Jyoti Bima Yojana (PMJJBY) for customers.
• The Insurance Regulatory and Development Authority of India (IRDAI) plans to issue redesigned initial public offering (IPO) guidelines for Indian insurance companies. These guidelines aim to divest equity through an IPO.
• IRDAI allows insurance companies to invest 10% of their funds in other Tier 1 (AT1) bonds issued by banks to increase their Tier 1 capital and expand the bank's qualified investor pool.
• In October 2020, Andhra Pradesh launched a free crop insurance plan for national farmers.

The way ahead: -

• The future of the life insurance industry looks promising, as several changes in the regulatory framework will lead to further changes in the way the industry conducts business and interacts with customers.
• By the end of 2020, the entire insurance industry is expected to reach US$280 billion. The country's life insurance industry is expected to grow at an annual rate of 14-15% in the next three to five years.
• The scope of the Internet of Things in the Indian insurance market is not limited to telematics and customer risk assessment. Currently, there are more than 110 InsurTech start-ups in India.
• Demographic factors, such as the growth of the middle class, the growth of the young insurable population, and the increased awareness of the need for protection and retirement plans, will support the development of life insurance in India.

Methodology: -

This research is essentially an applied exploratory research, including qualitative and quantitative analysis. However, most parts are based on quality analysis. The purpose of this research is to understand the changes in customer demand behaviour in the insurance industry. The collected data is mainly secondary, and the secondary is secondary. Secondary data and information are collected from published articles, surveys, news, websites, etc. on the Internet. The secondary part of the research is particularly relevant to people's external eating habits and the impact of covid-19, and the data is collected from the main source completed through self-investigation through an online Google form. The tool involved in data collection is the questionnaire. The target audience for the main data collection is random, with a sample size of about 50+. Under this research, we tried to cover non-Covid and Covid trends and aspects.

Industry analysis

Factors affecting the insurance industry are:
• Lack of the ability and qualified human resources required to supervise and supervise the insurance process.
• Marginal and weak insurance entities, leading to a merger with another banking institution
• There is a crisis of trust between the insured and the insurance company, especially in certain types of insurance (such as car insurance), and the insurance company's responsibilities in determining the amount of compensation must be determined.
• The fragility of the relative importance of the insurance industry in the economies of these countries, as the percentage of insurance premiums is 8% of GPD.
• Poor communication with others and with human resource management, which is essential for achieving goals by improving personnel capabilities.
• Like Europe, insurance has not played its role as a source of investment funds in Asia.
• Due to weak funds, the retention rate has decreased, and the payment of instalment premium reinsurance instalments has also increased.
• In addition to people's awareness of their own insurance rights, people also lack interest in raising insurance awareness.
•The weak administrative performance of the insurance company's high-level management has affected the understanding of the nature of risks, making it difficult for people to anticipate any possible crises.
• The return to the style of work procedures in the operation of the insurance department, that is, manual or semi-manual operation, and insufficient information systems, which will reduce the scale of decision-making and cut costs that must be derived from technological development in the process of rationalizing administrative management.
•Insurers lack interest in customer needs and attitudes, customer satisfaction, and service integration that represent the most important marketing concepts.
•Insurers still rely on traditional insurance products and have not improved their products.
• Little attention is paid to the development of life and life insurance, which account for 60% of the world's total insurance premiums.

Challenges of the insurance industry

The insurance industry has been in a state of constant change. New technologies, data-driven processes and growing customer demand are the main driving forces in this era of change. Although many changes are good, such as the digital transformation of the insurance industry and what this means for companies and customers, some of these changes have caused the insurance industry to face new challenges.

Digital small business

A niche but profitable market in the insurance industry is small business insurance, also known as small business insurance. Although this part of the market is relatively unaffected by external pressures from modernization and digital technology, this is no longer the case. Larger, more enterprising insurance companies understand the value of small commercial advertising and are working hard to enter and update this market. This has forced operators that already provide small advertisements to invest heavily in new digital technologies to keep up with competitors.

Commercialize

Insurance companies have been working hard to improve the competitiveness of their competitors in order to win new customers and retain existing customers. Although low interest rates are an excellent way to achieve this goal, another equally important factor for modern consumers is how the companies they work with treat them.

Commercialization is the process of treating customers as mere commodities and a way to quickly lose customers. They want to feel their value and importance, not just numbers. To achieve this goal, insurance companies have been deploying solutions such as artificial intelligence (AI) and automated processes to provide a personalized and fast customer experience. Digital insurance technology can also help insurance companies use low-code tools to quickly create unique products, and use complex data sets to improve risk pricing and provide better, more personalized interest rates.

Improve the quality of analysis data

In the insurance industry, data is continuously generated and utilized. However, as we all know, quantity does not always equal quality. In order to make full use of user, operational, and marketing data, insurance companies need to develop a reliable data management plan. Through these procedures, they can improve the overall quality of the analysed data and gain more meaningful insights to improve the customer experience.

PwC's insurance industry experts put forward three operational recommendations to maximize data analysis practices:

• Clearly define a) the most important customer groups and interactions, and b) drive the experience to generate new business and better retain the insights needed for customers.

• Take a holistic approach to data-driven decision-making and push it to the edge of the organization so that everyone can make better and faster decisions. To facilitate this process, insurance companies can develop pilot programs so that they can test what works and what is not. In this environment, insurance companies can gain practical and practical insights and help develop a culture of understanding the power of data.

•Modern the basis of data analysis to make it agile, flexible and reusable. To this end, determine the type of architecture that can be used in the near and long-term, as well as data governance strategies that can improve data quality and usability.

Use data to improve the experience

Although the use of data to improve the quality of service and ultimately improve the customer experience is not a new phenomenon in the insurance industry, it is still a challenge for many people to do well and sustain this challenge. Insurance companies are also struggling to deal with market instability and increasing competition, which also has external factors at work.

To meet this challenge and maximize data in pursuit of a better customer experience, companies must utilize digital insurance solutions. With agile cloud systems, data analysis functions, etc., insurance companies can meet the needs of today's consumers through the following important functions:

- Chatbot
- Mobile Applications
- Omni-channel declaration function
- AI-generated quotation

Cyber-Security

Since so many places in the world have become digital, people have been worried about cyber security threats. This provides a rare opportunity for insurance companies, because individuals and businesses are seeking to protect their data and privacy.

For individuals and companies who are vigilant about identity theft or data leakage, insurance companies can bear the costs associated with cybersecurity issues, including contacting the authorities, notifying individuals, settlement costs, fines, costs for discovering the cause, business losses, customer losses, reputation Losses and cyber extortion. Providing this coverage may be a cost-effective, low-risk investment, indicating that the insurance company has advanced thinking and is seeking the best interests of its customers.

Major insurance companies in India

- Indian Life Insurance Company
- HDFC Life Insurance Co., Ltd.
- Max Life Insurance Co., Ltd.
- ICICI Prudential Life Insurance Co., Ltd.
- Kodak Mahindra Life Insurance Co., Ltd.
- TATA AIA Life Insurance Co., Ltd.
- Bajaj Allianz Life Insurance Co., Ltd.

Overview of LIC and Bajaj Allianz to understand the products and services of insurance companies

LIC: Insurance stories may be as old as human stories. The instinct that prompted modern businessmen to protect themselves from losses and disasters still exists in primitive people. They also work hard to avoid the consequences of fire, flood and loss of life, and are willing to make some sacrifices for safety. Although the concept of insurance is largely newly developed, especially after the industrial age (in the past few centuries), its origins can be traced back to nearly 6000 years.

The modern form of life insurance was introduced to India from Britain in 1818. Eastern Life Insurance Company, founded by Europeans in Kolkata, was the first life insurance company on Indian soil. All insurance companies established during this period were established to cater for the needs of Europeans, and these companies did not provide insurance for Indians. However, with the efforts of celebrities like Babu Muttylal Seal, foreign life insurance companies began to insure life in India. But the lives of Indians are regarded as substandard people and they are charged huge extra premiums. The Mutual Life Mutual Aid Association of Mumbai announced the establishment of the first Indian life insurance company in 1870 and covered Indian life at regular prices. Insurance companies started from Indian companies with highly patriotic motives and came into being. Their purpose is to spread insurance and social security information to all sectors of society through insurance. Bharat Insurance Company (1896) is also one of such companies inspired by nationalism. The Swadeshi movement of 1905-1907 caused more insurance companies. The joint India of Madras, the National India and National Insurance of Kolkata, and the cooperation guarantee of Lahore were established in 1906. In 1907, the Hindustan Cooperative Insurance Company was born in one of the guest rooms in Jorasanko, which was located in the home of the great poet Rabindranath Tagore in Kolkata. Companies established during the same period included Indian operations, general insurance and Swadeshi Life (later Mumbai Life). Before 1912, India had no regulations regulating insurance business. In 1912, the Life Insurance Company Law and the Provident Fund Law were passed. The "Life Insurance Company Act of 1912" stipulates that the insurance company's insurance rate schedule and periodic valuation must be certified by an actuary. However, the law distinguishes between foreign companies and Indian companies in many aspects, which puts Indian companies at a disadvantage.

In the first two decades of the twentieth century, the insurance business has made considerable progress. From 44 companies with an effective total turnover of Rs 2,244 crore to 1938, the total effective turnover was Rs 298 crore, increasing to 176 companies. When insurance companies sprung up like mushrooms after a rain, many financially unreasonable worries also surfaced and failed miserably. The "Insurance Law" of 1938 was the first legislation governing not only life insurance but also non-life insurance in order to strictly control the government's insurance business. In the past, there have been many requests for nationalization of the life insurance industry, but after the 1944 Legislative Assembly proposed a bill to amend the 1938

Life Insurance Act, this momentum quickly developed. However, very late, on January 19, 1956, India's life insurance was nationalized. At the time of nationalization, there were approximately 154 Indian insurance companies, 16 non-Indian companies and 75 provident funds operating in India. Nationalization was completed in two stages: Initially, the management of the company was taken over through an ordinance, and later, ownership was taken over through a comprehensive bill. The Indian Parliament passed the Life Insurance Company Act on June 19, 1956, and established the Indian Life Insurance Company on September 1, 1956. Its goal is to spread life insurance more widely to rural areas, especially in rural areas. rural area. Hope to cover all insurable people in the country and provide them with sufficient economic protection at a reasonable cost.

LIC established 5 regional offices, 33 departmental offices and 212 branch offices in 1956. A life insurance contract is a long-term contract. During the policy circulation period, it needs a variety of service requirements. Later, the business was expanded and branches were established in each regional headquarters. LIC was reorganized and opened many new branches. After the reorganization, the service function was transferred to the branch, and the branch became the accounting unit. It has created miracles for the company's performance. It can be seen that from about 20 billion new businesses in 1957, the company exceeded 10 billion in 1969-70, and it took LIC another 10 years to break through 200 billion new businesses. However, following the reorganization in the early 1980s, by 1985-86, the total amount of LIC guarantees in the new policy had exceeded US$70 billion.

Today, LIC has 2048 fully computerized branches, 113 departmental offices, 8 regional offices, 1381 satellite offices and corporate offices. LIC's wide area network covers 113 branches, all of which are connected through the metropolitan area network. LIC cooperates with some banks and service providers to provide online premium collection tools in selected cities. LIC's ECS and ATM premium payment facilities bring convenience to customers. In addition to online kiosks and IVRS, information centers have been established in Mumbai, Ahmedabad, Bangalore, Chennai, Hyderabad, Kolkata, New Delhi, Pune and many other cities. In order to promote contact with policyholders, LIC opened a SATELLITE SAMPARK office. Satellite offices are smaller, more streamlined, and closer to customers. The digital records of the satellite office will facilitate maintenance and many other conveniences anywhere in the future.

Even with insurance liberalization in India, LIC is still the main life insurance company and is rapidly moving towards a new growth trajectory that surpasses its past record. LIC has issued more than ten million U.S. dollars of insurance policies this year. By October 15, 2005, it had issued 1,01,32,955 new policy milestones, a healthy increase of 16.67% over the same period last year.

Since then, LIC has crossed multiple milestones and has created unprecedented performance records in all aspects of the life insurance business. The motivation that inspired our ancestors to implement insurance in this country also inspired LIC to use this protection information in the insurance industry to light the safety lights of as many houses as possible and help people provide security for their families.

LIC's insurance plan

As individuals, internal differences are inherent. Everyone's insurance needs and requirements are different. LIC's insurance plan is an insurance policy that can talk to you individually, and can provide you with options that best suit your requirements.

Donation plan:
• Bima Jyoti of LIC
• LIC's Bachat Plus
• Rick’s new donation plan
Rick's New Jenny Anan
Rick's New Bima Butchart
• Lic's single premium donation plan
• Jeevan Lakshya of LIC
• Jeevan Labh of Lic
• Aadhaar Stambh of LIC
• Aadhaar Shila of LIC

Whole life plan:
• LICs Jeevan Umang (Jeevan Umang)

Refund plan:
• LIC's new refund plan
• LIC's new refund plan
• LICs Jeevan Umang (Jeevan Umang)
• LIC’s new child refund program
• Jeevan Tarun of LIC
• Jeevan Shiroma of LIC
• Bima Shree of LIC

LIC's financial statements

Regarding the company's operations in the fiscal year ending March 31, 2020, the company's management confirmed, certified and declared as follows:

1. Registration certificate:
The company has obtained a renewal registration certificate from the Insurance Regulatory and Development Authority of India, and the certificate continues to be valid. The company has complied with the registration terms and conditions set by the competent authority.

2. Statutory dues: The company has paid all statutory receivables, except for disputed liabilities disclosed under contingent liabilities in the statement of accounts forming part of the financial statements, which are deducted from employees' salaries and commissions Income tax. The amount paid to agents totaled 8,670.40 lacs (10,684.48 lacs in the previous year). The total amount of tax deducted from payments to construction/service maintenance contractors, policyholders, and payments to other statutory bodies is 6,898.65 lacs (65.32 lacs in the previous year)

3. Capital: According to the amendment to Article 5 of the Life Insurance Company Act of 1956, the capital provided by the central government has not changed.

4. Capital investment: The management does not directly or indirectly invest the funds of policyholders issued in India outside India.

5. Solvency deposit: Management confirms that the required solvency deposit has been maintained in accordance with IRDAI regulations

6. Asset evaluation: The value of all assets has been evaluated on the balance sheet date to evaluate any possible impairment provisions/provisions for non-performing assets, and management believes that the assets listed in the balance sheet are "loans" Among them, "investment", "agent balance", "unliquidated premiums", "unliquidated interest, dividends and rents", "interests, dividends and accrued but unexpired rents", "payable" and "other insurance business Certain items specified in “person or institution’s money”, “miscellaneous debtors”, “cash” and “other accounts”

7. Application and investment of life insurance funds: The direct or indirect use of any part of the life insurance fund does not violate the Insurance Law of 1938 (No. 4 of 1938) (revised by the Insurance Law (Amendment) Act of 2015), Related to life insurance fund application and investment.

8. Overall risk exposure and mitigation strategies: These investments are affected by credit, liquidity and interest rate risks. We have been following investment guidelines.

BAJAJ ALLIANZ: Bajaj Allianz General Insurance Company Limited is a joint venture between Bajaj Finserv Limited (recently merged from Bajaj Auto Limited) and Allianz SE. Both enjoy the reputation of expertise, stability and strength. Bajaj Allianz General Insurance obtained insurance regulations and the registration certificate of the Development Agency (IRDA) General insurance business started on May 2, 2001 (including Health insurance business in India). The company has a the authorized and paid-in capital is 1.1 billion rupees. Bajaj Finserv Limited holds 74% of the shares and the remaining 26% is held by SE's Allianz. As of March 31, 2008, Bajaj Allianz General Insurance get through Premium income (Rs.). 257.8 billion rupees, an increase of 43% In the past year. Bajaj Allianz's pre-tax profit is rupee. Rs 167 crore, the first company to exceed Rs 1 crore Mark the profit after tax by generating rupee. 105 million. In the first quarter of 2008-09, the company won Last year's core income was 573.73 rupees, which is a premium over the 7.33353 billion rupees in the same period last year. An increase of 28% over the same period.
Bajaj Allianz passed today the latest technology can quickly communicate and respond More than 200 towns spread over the length and breadth of the entire city country. From Siraturi to Siliguri and Jammu In Trivandrum, all offices are connected to the Pune headquarters.

Bajaj Allianz Life Insurance Company ranked first. Private Departmental Life Insurance Company 2005-06 fiscal year. Use pot India operations throughout Bajaj Allianz Life, with more than 900 offices the insurance industry has nearly 2 customer groups Millions of customers. Bajaj Allianz Life Insurance has Developed insurance solutions suitable for everyone Segmentation and age-income profile. For the company Provide a comprehensive "employee welfare solution" (Group term life, EDLI, tip, super note, key People, insurance, etc.); personal investment income (A unique life insurance plan used to maintain income Merged in the same plan, the plan must also be paid in one lump sum), Cash benefits (refunds), children benefits (children's plans), Risk care (pure tenure), lifelong care (full life), tenure Nursing care (with premium refund clause), Saran Tourist (Retirement plan), protector (mortgage term insurance) Plan), new unit income exceeds, new family income, new unit Value-added, new unit income, new unit income prime, new The unit gets a simple pension, and the new unit gets a simple pension Plus sign-single premium. Currently, Bajaj Allianz has A product portfolio of 30 products and more demand-based products will be launched soon. It follows the Bancassurance model, a term used to describe the sale of insurance products in banks. The combination of "bank or bank" and "guarantee" means that the bank and insurance are provided by the same corporate entity. With the merger of banks and insurance companies, banks seek to provide insurance, especially in the recently opened markets, and the use of the word Pickup has become more and more common. This is a controversial idea, and many people believe that it gives banks too much control over the financial industry.

Bajaj Allianz's financial statements

Significant accounting policies and notes that form part of the financial statements for the year ended March 31, 2020

background

Bajaj Allianz General Insurance Co., Ltd. (hereinafter referred to as the "Company") was established on September 19, 2000, in accordance with the "Company Law" of 1956. Underwriting business of general insurance policies related to fire insurance, maritime and miscellaneous departments (including automobiles, health, etc.), and holds a valid registration certificate.

Significant accounting policies

The accounting policies listed below have been consistently adopted in each period of these financial statements. The management will continuously evaluate all newly issued or revised accounting announcements to ensure proper compliance.

The basis for the preparation of financial statements:

The financial statements are in accordance with India’s historical cost conventions and
The accrual basis of accounting is in compliance with the applicable accounting standards referred to in Article 133 of the 2013 Company Law, and will be revised from time to time), and it complies with the statutory requirements of the Insurance Law of 1938 (amended by the Insurance Law (Amendment)) The 2015 Law, the Insurance Regulatory and Development Agency (Preparation of Financial Statements and Audit Reports of Insurance Companies) Regulations (hereinafter referred to as the “Regulations”) and the orders and instructions issued by IRDAI in this name, namely the “2013 The Company Law ("Act") (within the scope of application) and the current practice in the insurance industry. Financial statements are expressed in Indian rupees, rounded to the nearest thousand.

Use of Estimates:
The preparation of financial statements in conformity with the generally accepted accounting principles Requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the Balance Sheet date, revenue and expenses for the year ended and disclosure of Contingent liabilities as of the Balance Sheet date. The estimates and assumptions used in accompanying Financial statements are based upon management’s evaluation of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from the estimates and assumptions Used in preparing the accompanying financial statements. Any revision to accounting estimates is Recognized prospectively in current and future periods.

Revenue recognition:

Premium income: premiums (net value after deducting goods and services taxes), including direct business restorative premiums and accepted reinsurance, at the beginning of the contract period or risk period, on a gross basis and recognized as income at the beginning of the income. For instalment the payment situation will be confirmed when the payment is made in

installments for this reason. If it is a long-term car insurance policy, the premium is confirmed annually in accordance with IRDAI's regulations.
Any subsequent amendments to insurance premiums (when they occur) are confirmed in the year of the remaining risk period or contract period (if applicable). The adjustment of premium income arising from the cancellation of the policy is recognized in the period of cancellation. The crop insurance premium under the government plan is confirmed according to the contract Obligation of reasonable certainty for its final collectability.

Interest/dividend income: Interest income is recognized on an accrual basis, and dividend income is recognized when rights are obtained.
Received dividends established.

Premium/discount on purchase of investment: For fixed-income securities, depending on the circumstances, the premium or discount on acquisition is amortized/appreciated at the fixed rate of return during the maturity/holding period to the maturity date.

Profit and loss from the sale of debt securities: The profit and loss from the sale/redemption of debt securities refers to the difference between the net sale consideration and the amortized cost calculated on a weighted average basis from the date of sale.

Profit and loss from the sale of equity and mutual funds: The profit and loss from the sale/redemption of equity and mutual fund units is the difference between the net sale consideration and the company's book weighted average cost. profit and loss
When selling/redeeming such securities, it should be confirmed on the transaction/redemption date, including
Cumulative changes in fair value (if applicable and previously confirmed).

Commission income from ceded reinsurance: The commission received from ceded reinsurance is recognized as income during the period of ceded reinsurance premiums. The profit commission (if applicable) under the reinsurance treaty is recognized in the year the profit is finalized and is implied by the reinsurance company.

Reinsurance: Reinsurance premiums for proportional reinsurance are paid at the beginning of the contract or risk period. Non-proportional reinsurance premiums are split when they are incurred and when they expire. Any subsequent amendments, refunds or cancellations of premiums are confirmed in the year in which they occur.

Accept reinsurance
The reinsurance entry acceptance bill is accounted for based on the reinsurance policy received from the reinsurance company.

Acquisition cost

Acquisition cost refers to the cost related to and mainly related to the purchase of new and renewed insurance contracts (mainly commissions, rewards and incentives, policy issuance costs, etc.),

Current expenditure incurred. In the case of a long-term auto insurance policy, the commission shall be deducted at the applicable rate of the insurance premium allocated in the current year.

Collect premiums in advance

The pre-collected premiums refer to the premiums collected for the issued policies during the current year.

The risk begins after the balance sheet date.

Reserve for unexpired risks

The unexpired risk reserve is a part of the net premiums (that is, premiums, net reinsurance reinsurance) that belong to the company and should bear subsequent risks

Contract obligations based on shipping schedules or risk periods (whichever is appropriate). For hull business and other businesses, at least based on the net premiums on all unexpired policies as of the balance sheet date 100% is limited to the application of the 1/365th method within the unexpired period of the corresponding policy.

Fixed assets, depreciation and amortization

Tangible fixed assets and depreciation: Tangible fixed assets are listed at cost (including miscellaneous expenses related to purchase, construction and purchase).

Installation) to reduce accumulated depreciation. The cost of assets does not exceed Rs. In the year of purchase, 20,000 shares have been depreciated.

Expenses incurred on tangible assets in the future will be expended, unless the expense increases the future income of the existing asset beyond the previously assessed standard, unless the expense performance.

For liabilities arising from the purchase of fixed assets in foreign exchange, the net profit and loss arising from conversion/settlement is included in the income account.

The profit and loss arising from the derecognition of fixed assets is measured as the difference between the net sale of assets and the asset's book value, and is recognized in the income account when the asset is derecognized.

Equity

Listed and actively traded securities are subject to the final quoted closing price of the National Stock Exchange of India Limited (NSE). If the stocks are not listed on the NSE, they are

Estimated based on the closing price of BSE Limited's last quotation. Unrealized gains and losses are recorded/borrowed into the fair value change account.

Unlisted equity is recorded at historical cost.

Mutual fund unit

Mutual fund units are expressed in terms of their net asset value (NAV) on the balance sheet date. Unrealized gains and losses are recorded/borrowed into the fair value change account.

Loan-Investment

The loans given are listed at historical cost.

Fair value change account

The account of changes in fair value refers to the unrealized gains and losses of investments in stock securities and mutual fund units and outstanding AT1 bonds at the end of the year. Balance in

This account is considered a component of shareholder funds on the balance sheet, but cannot be distributed as dividends.

Investment impairment

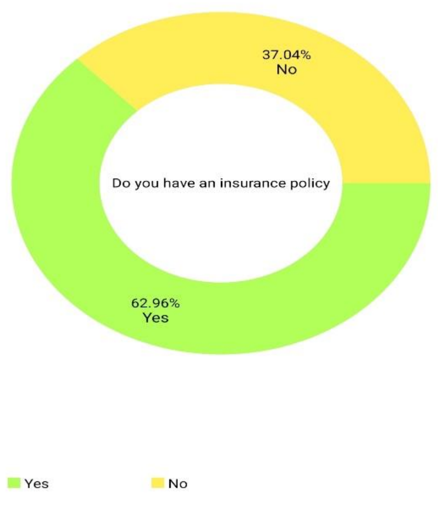
The company assesses whether there are any signs of investment impairment on each balance sheet date. When an impairment occurs, the book value of the investment is reduced to its fair value, and the impairment loss is recognized in the income statement after adjusting it with the previously recognized revaluation reserve/fair value change account. However, on the balance sheet date, if there are signs that the previously recognized impairment loss is no longer recognized, the loss shall be reversed and the investment shall be restated to this extent

FINDINGS

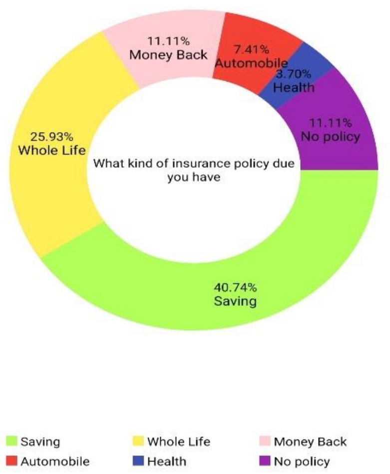
The following are the findings of a self-conducted survey to study the impact of covid-19 on impact of covid-19 on insurance sector. This survey is conducted over 50+ people.

Most of them feels after covid-19 financial security needs grow stronger.

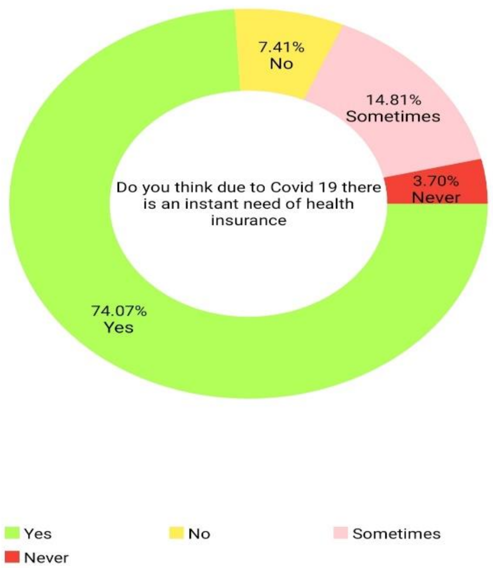
Q.1 Do you have an insurance policy?



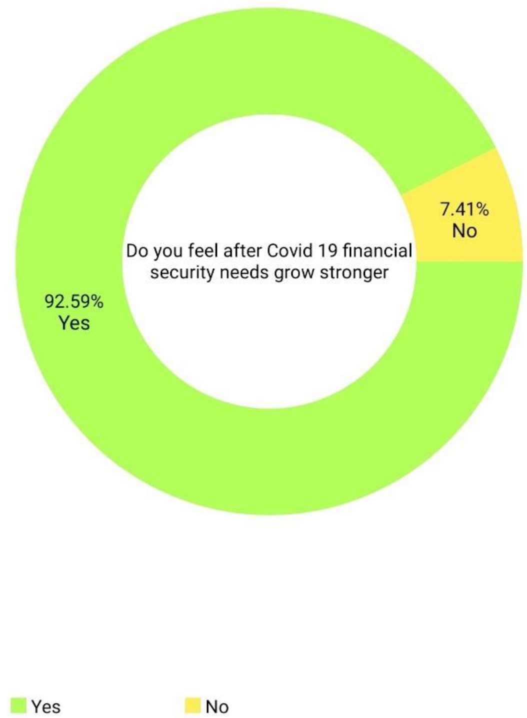
Q.2 What kind of insurance policy do you have?



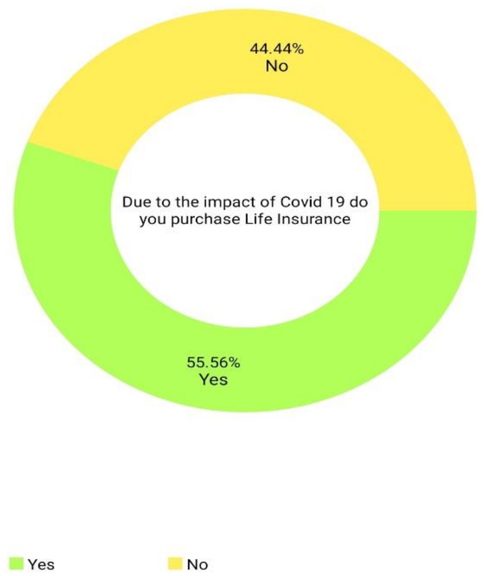
Q.3 Do you think due to covid-19 there is an instant need of health insurance?



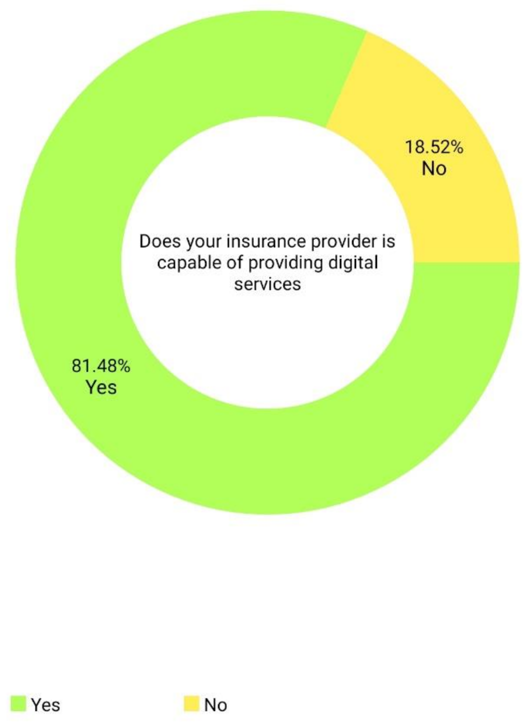
Q.4 Do you feel after covid-19 financial security needs grow stronger?



Q.5 Due to impact of covid-19 do you purchase the insurance?



Q.6 Do your insurance provider is capable of providing digital services?


18.52%
No
Does your insurance provider is capable of providing digital services
81.48%
Yes
Yes
No

CONCLUSION

A healthy and growing insurance sector is of vital importance for any economy. It encourages the savings habit, provides safety nets to rural and urban productive individuals, and generates long term funds for infrastructure development. Life insurance sector in India in the post liberalisation period has emerged as one of the fastest growing insurance markets in the world. Despite this growth, India remains far behind its peers in global insurance arena. Since the market was opened in 1999 to insurance providers in private sector, including foreign insurers, as a part of the policy of liberalization, life insurance industry in India has taken big strides. From 20'^'^ place on the onset of liberalisation, India has moved to 10* place in the year 2011-12 in the global life insurance market among 156 countries, as per data published by Swiss Re. This improvement in the global ranking may be attributed largely to the liberalisation of the sector which eliminated public sector monopoly in insurance sector and allowed domestic and foreign players to enter Indian life insurance market.
This chapter includes the conclusions based on the present research study, followed by suggestions.
The conclusions, given below, pertain to different aspects of life insurance sector.
1. Market Structure:
• Liberalisation has transformed the structure of life insurance market in the country from the earlier public sector monopoly to a competitive market with coexistence of public and private insurers.
• Foreign insurers have entered tine Indian market through joint venture with domestic partners and with Foreign Direct Investment Cap of 26%. Most of the internationally reputed insurance companies like Prudential Corporation Holdings, Standard Life Assurance Company Ltd, Met Life International Holdings Inc. etc. have a presence in the Indian life insurance market.
• The competition is oligopolistic in nature as the public sector Life Insurance Corporation of India has a market share of 65.1% in the first half of financial year 2013, followed by ICICI Prudential 7%, HDFC Standard Life 4.7%, SBI Life 3.7%, and Bajaj Allianz 3.1%. Thus 83.6% of the market share is held by 5 out of 24 life insurers in the country.
2. Lie Way Ahead of The Competitors:
• A comparison of the public sector life insurer, the Life Insurance Corporation of India with the private sector life insurers point to the predominant position of LIC in respect of the business parameters like, first year premium, renewal premium, total premium and annual sale of insurance policies during the post liberalization period. Even after a decade of liberalisation, the Life insurance market continues to be dominated by the LIC of India in all aspects of business. LIC of India accounts for 71.85% share in first year premium, 69.91% share in renewal premium, 70.68% share in total premium and 80.90% share in new policies sold in the year 2011-12.
• As for market share of life insurance business in India, it may be noted that Tapen Sinha, (2005), in 'An Analysis of Evolution of Insurance in India' while commenting on the division of life insurance market between LIC of India and new comers, stated that with rapid expansion of the life insurance market in India, the market share of LIC of India could fall

below 50% mark within five years (An Analysis of Evolution of insurance in India). The reality, however, is contrary to this as has been described above.
• The current dominance of the LIC of India is in line with the Report of CII and Ernst and Young (2010 pp. 39) which stated that despite the liberalisation of the insurance sector, public sector insurance companies are expected to maintain their dominant positions, at least in foreseeable future. It further mentions that given the enormous potential of the Indian insurance market, it is expected that there will be enough business for the industry entrants.
3. Impact of Liberalisation On Tlie Life Insurance Sector:
Number of Life Insurers:
• The number of life insurers has increased from 1 in preliberalisation period to 24 by 2012, registering the entry of as many as 23 private players in the post liberalizations period.
• There is a strong positive correlation between LILI (a measure of reforms in life insurance sector) and the entry of new insurers during the post-liberalization period. Life Insurance Savings as Per Cent of Gross Domestic
Product:
• The household savings in life insurance as per cent of Gross Domestic Product has improved during the period of study. The proportion, which ranged between a minimum of 1.17% and a maximum of 1.55% in the pre liberalization period, rose to levels ranging from a minimum of 1.70% to a maximum of 4.27% in the post liberalization period.
• The increase in the proportion of household savings was not however without blemish. After reaching the peak of 4.27% in 2009-10, it registered a fall for consecutive two years 2010-11 and 2011-12 and reduced to 2.71% in the year 2011-12.
• There is a strong positive correlation between LILI and the life insurance savings as per cent of Gross Domestic Product Relative Position of Life Insurance in the Financial Assets Held.